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SOCIAL INCLUSION IN THE NEW MEMBER STATES

A SYNTHESIS OF THE JOINT MEMORANDA ON SOCIAL INCLUSION

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EXECUTIVE SUMMARY

Overall Assessment and Key Messages

Strong political commitment

The preparation and signing of the Joint Inclusion Memoranda (JIM) by all new Member States and the Commission represents a strong commitment to draw tackling poverty and social exclusion closer to the heart of national policy making. It also demonstrates a willingness to participate fully in the European Union's social inclusion process, the Open Method of Coordination on poverty and social exclusion (OMC). This clear endorsement of the OMC holds out the hope that following enlargement the new Member States will bring a new energy and commitment to the social inclusion process thus helping to move it onto a new level of effectiveness. This is essential if the goal set at the Lisbon European Council in March 2000 of making a decisive impact on the eradication of poverty by 2010 is to be achieved.

The willingness of new Member States to adopt the common objectives on poverty and social exclusion agreed by Member States at the Nice European Council in 2000 is their reply to the call of the Göteborg European Council to translate the Union's social, environmental and economic goals into their national policies. This represents a strong boost for the Lisbon agenda and for the European social model. Building socially inclusive societies in the new Member States must involve a balanced approach to development in which economic, employment and social policies are seen as mutually reinforcing. Sustainable economic and employment growth is essential but not sufficient to ensure social cohesion. Investment in strong employment and social policies is also necessary and will help to increase and sustain economic and employment growth and achieve a competitive and knowledge based society for all.

A serious challenge

Most of the new Member States faced a serious challenge of social inclusion in the context of transforming their societies and restructuring their economies into market economies which led to a sharp fall in the total output, made large numbers of people unemployed and led to a concentration of problems in some regions and in some rural areas. While Cyprus and Malta have not followed the same transition path, they have also faced substantial economic restructuring and societal change. In any case, existing social protection systems, despite their shortcomings in terms of coverage and resources, have played an important role in preventing widespread and extreme poverty in all new Member States. Yet, the urgency of tackling poverty and social exclusion is highlighted by the strong evidence in the JIM of worrying levels of poverty and social exclusion in most of the new Member States. This evidence is reinforced by the JAPs (Joint Assessment Papers on employment priorities) which clearly identified important challenges on the labour market. The risk of poverty, as measured by relative income, is broadly in line with that of the old Member States, while there is a wide variation across new Member States ranging from 8% in the Czech Rep. to 18% in Estonia. However, people living below the at-risk-of-poverty line have much lower income and therefore face much harder living conditions than in the old Member States as the overall level of prosperity is lower. The situation of some groups such as ethnic minorities, especially the Roma, children in or leaving institutions, the homeless, the mentally ill and people with disabilities is especially worrying. Life expectancy at birth is significantly lower in most new

Member States than in the EU-15, especially for men and more people feel excluded and left out of society. For half of the countries, Estonia, Latvia, Lithuania, Poland and the Slovak Republic the unemployment rates, especially long-term and youth, are well above the EU-15 average. Also, for many, access to basic services is often inadequate.

A Multidimensional Challenge

While the intensity of the problem is greater, the challenges and difficulties are largely similar to those in the old Member States. Not only the JIMs but also the most recent surveys and studies produced on the social situation and policies of new Member States¹ show that the risks associated with poverty and social exclusion are very similar to those identified in the last Joint Inclusion Report² for the EU-15. They illustrate the same multifaceted grounds for poverty and social exclusion such as long-term dependence on low/inadequate income, long-term unemployment, low paid and/or low quality employment or absence of employment record, low level of education and training and illiteracy, growing up in a vulnerable family, disability and poor health, living in an area of multiple disadvantage, rough sleeping and homelessness, immigration, ethnicity, racism and discrimination.

Furthermore, the new Member States face many of the same major structural changes as the old Member States which, while creating new opportunities for jobs and social inclusion, also add in many cases to the vulnerability of those unable to adapt by themselves to the new needs. These include: restructuring of the labour market in response to rapid economic change and globalisation; rapid growth of the knowledge society and ICT; ageing populations and higher dependency ratios; continuing changes in household structures. However, the pace of industrial and agricultural restructuring tends to be higher in the new Member States and this is set to continue for some time. This brings significant new risks of exclusion for some people, particularly the unskilled and older workers, and for some regions and rural areas in terms of increased unemployment and underemployment. This, when combined with increasing income disparities that are likely to be the effect of rapid economic growth, may result in rising numbers of people at risk of poverty. On the other hand, and while current levels of immigration are lower in the new Member States, increased pressure may arise after enlargement and the challenge to develop proactive management of migratory pressures so as to prevent new forms of exclusion will become more urgent.

Nevertheless, there are good reasons to believe that the new Member States have the capacities to cope with those challenges. The first lies in the resilience of their social protection systems which still play and have played an important role in reducing the risks of poverty³, even if, as is the case with old Member States, there are great variations in the situation and the state of development of social protection and public services between the different new Member States. The most successful (Slovenia, Malta, Cyprus and the Czech Republic) approach the performance of certain of the old Member States and in some aspects surpass it. However, some countries, notably the Baltic States, are starting from a much lower economic base and have a less developed welfare state. A second reason lies in the high level of participation in education comparatively to many old Member States, up to upper secondary level, as well as a lower level of school dropout. This implies that an important

1 "Poverty has faces in Europe", second report on poverty in Europe from CARITAS, Feb 2004, and "Social protection in the 13 candidate countries – a comparative analysis", DG Employment and Social Affairs, March 2003.

2 "Joint Report on Social Inclusion", adopted by the Council and the Commission on the 5th March 2004.

3 "Social Situation Report" of the European Commission 2004, Chapter 2.2.

amount of human capital is available for coping with these challenges. A third good reason for hope lies in the strong commitment by national public authorities as reflected in the quality and comprehensiveness of the JIMs.

6 Key Challenges and Lessons

The challenge regarding social inclusion has to be assessed in the context of the overall development of these countries, giving due attention to other challenges and to the interaction of policies which would result in the best outcome in a longer term. In this context, it is clear that all countries face the challenge of ensuring a balanced development between the goals of improving the overall living standard, raising the employment rates, balancing the public finances and promoting social inclusion.

Given the broad similarities between the social challenges facing the new Member States on one hand, and the old Member States on the other, the lessons that can be derived from the JIMs do not deviate substantially from those highlighted in the Joint Inclusion Report for the Member States who are already engaged in the Union's social inclusion process, the Open Method of Co-ordination, and therefore strongly reflect the common objectives that underpin it. However, given the much lower levels of income in the new Member States, the very significant industrial and agricultural restructuring that is still taking place and the less developed welfare systems the new Member States face a particular challenge to develop actions which prevent people becoming poor and excluded and thus unable to benefit from or contribute to the increased economic growth that should follow from enlargement. In this regard six particular challenges emerge clearly from the JIM which are common to the new Member States. These are to:

1. Expand active labour market policies to increase labour market integration especially of the long-term unemployed and groups at high risk of poverty and social exclusion.
2. Ensure that social protection systems have sufficient coverage and levels of payment to guarantee an adequate minimum income for all to live with dignity, while at the same time removing disincentives to take up employment.
3. Expand lifelong learning opportunities especially for groups at risk of poverty and social exclusion and develop integrated efforts to address educational disadvantage and reduce early school leaving.
4. Invest in improving the quality of and access to key public services, particularly health and social services, housing and transport.
5. Intensify efforts to overcome the particularly high levels of exclusion and discrimination experienced by some ethnic groups, especially the Roma, and other groups at high risk such as people in or leaving institutions or people with a disability.
6. Strengthen policies to support families and social networks and to protect the rights of children.

The first three challenges also pertain to the guidelines and recommendations of the European Employment Strategy and these will be relevant for the new Member States to take into

account when they are producing their first NAPs/employment, while ensuring complementarity between employment and social inclusion policies.

In developing policies in these six key policy areas it is also clear from the JIM that it will be especially important to take account of the significant regional variations in the level of poverty and exclusion and the high levels of rural poverty in some countries. The need for the gender dimension of exclusion to be taken into account is also highlighted.

Strengthening social inclusion processes

In order to underpin the development of effective policies and programmes to prevent and reduce poverty and social exclusion it is essential to put in place mechanisms and procedures that will help to coordinate and mainstream anti-poverty action, to mobilise all actors and to ensure the effective implementation of policies. In this regard it is clear from the JIM that the new Member States will benefit from:

- taking more fully into account social inclusion goals in the national budgetary decision making processes while taking account of the overall budgetary situation and, in particular, ensure that EU Structural Funds are used in ways which will help the achievement of these goals;
- strengthening arrangements for co-ordinating and mainstreaming social inclusion policies among all responsible government departments so that preventing and tackling poverty and social exclusion becomes a key policy goal across all relevant policy domains;
- developing effective arrangements for supporting and enabling the involvement of Social Partners and NGOs in the development, implementation and monitoring of social inclusion policies in general and the NAPs/inclusion in particular;
- ensuring that in developing national strategies to promote social inclusion the importance of promoting the participation and empowerment of the excluded, particularly through supporting social, community and family networks and civil society organisations, is fully taken into account;
- ensuring strong links and clear distribution of competences between national, regional and local authorities to ensure effective and co-ordinated development and delivery of social inclusion policies;
- strengthening the statistical data base on income and living conditions, especially in relation to those most vulnerable persons not well covered in mainline surveys, and improve the evaluation of policies and programmes; and
- continuing the work of the Social Protection Committee's Indicators Sub Group on developing indicators which capture the multi-dimensional nature of social exclusion and in particular on the development of deprivation indicators which capture the reality of life on very low incomes and the distinctive dimensions of rural poverty;

In conclusion, it is clear that the experience of developing the JIMs has demonstrated the relevance of the Union's social inclusion process and the common objectives on poverty and social exclusion to the new Member States. Furthermore, it has reinforced the potential for exchange of learning and best practice between the new Member States and the old Member States.

INTRODUCTION

The present report examines the main challenges which the 10 new Member States will have to face in order to combat poverty and social exclusion and promote greater social cohesion, in parallel with their efforts to gradually close the current gaps in competitiveness and living standards vis-à-vis the rest of the Union. Its overall aim is threefold. First, by providing an overview of the situation and of main policies across the new Member States, it provides a basis for promoting exchange and learning between them and old Member States. Secondly, by identifying key priorities for the future it aims to assist the new Member States in the further development of their social inclusion policies and in particular their first National Action Plans for social inclusion, to be submitted by July 2004. Thirdly, by identifying the most critical features of the situation in the new Member States it helps to highlight issues that may need to be taken more into account in the further development of the EU social inclusion process after enlargement.

This report is based on work carried out bilaterally since October 2002, which led to the joint signature of 10 Joint Memoranda on Social Inclusion (JIM) by Commissioner Anna Diamantopoulou and the Ministers responsible for Social Affairs of the new Member States on 18th December 2003. The context for preparing the JIM was provided by the conclusions of the Göteborg European Council in 2001 which asked the Commission and the candidate countries to initiate a cooperation process with the aim of promoting their full participation in the economic and social policies of the Union. The purpose of compiling a JIM was to prepare each country for full participation in the open method of coordination that had been launched in the context of the Lisbon strategy with the aim of making a decisive impact on the eradication of poverty in the Union by 2010. Under this process every Member State has prepared a National Action Plan on social inclusion (NAPs/inclusion) every two years on the basis of a set of common objectives which were agreed first at the European Council of Nice in 2000. The NAPs/inclusion are assessed jointly by the Commission and the Council with the help of commonly agreed indicators.

Each JIM outlines the principal challenges facing a country in terms of poverty and social exclusion, presents the major policy measures taken by each new Member State to start translating the EU's common objectives on poverty and social exclusion into national policies and identifies the key policy issues for future monitoring and policy review.

This report is in two parts. Part I is a cross-country analysis identifying the extent and main trends in poverty and social exclusion and the underlying economic, social and demographic factors. In the light of this it summarises the key challenges facing the new Member States. It then reviews the main policy approaches being adopted to address the challenges and suggests priorities for the future both in terms of policy development and of institutional arrangements. There are also specific sections examining gender mainstreaming, the adequacy of the existing statistical systems and indicators and the role that EU Structural Funds can play in achieving the social inclusion goals set in the JIM. Part II of the report contains short summaries of the key features and key challenges facing each new Member State. A statistical annex provides data comparing the situation across new Member States and makes comparisons with old Member States.

PART I – HORIZONTAL ANALYSIS

1. ECONOMIC DEVELOPMENTS

Economic reforms have improved the supply side of the economies of new Member States and brought about a period of fast export-oriented growth since the mid-1990s supported by a boost in productivity. With temporary exceptions (Baltic countries, 1999, the Czech Republic, 1996-1998, Slovak Republic and Poland, 1998-2000) new Member States have succeeded in catching up with the EU-15 average GDP per capita. However, they still lag considerably behind, and the highest per capita income (in PPS) among the 10 was observed in Cyprus and Slovenia (respectively 78% and 68% in 2001).

In the past two years, new Member States have continued to notch up brisk economic growth within a context of price stability. In 2003, economic growth remained resilient despite the anaemic global economic situation, and accelerated in the second half, so that average GDP growth in the new Member States is forecast to be 3.6% in 2003, up from 2.4% in 2002 (see Tables 1a and 1c). All new Member States experienced faster economic growth than the EU average both in 2002 and 2003. However, the aggregate picture masks quite different trends across countries. In 2003, expected growth varies from 0.4% in Malta, particularly affected by a fall in tourism due to global uncertainty, to 8.9% in Lithuania, which together with the other Baltic countries is experiencing buoyant foreign investment.

The new Member States with the lowest per capita GDP are expected to grow the fastest, accelerating the process of catching up with the standard of living in the EU. Benefiting from macroeconomic stability, the Baltic States are expected to post growth rates above 5 % in 2004-2005. The strongest acceleration of growth is forecast in Poland (from 1½ % in 2002 to almost 5 % in 2005) on the back of an expansionary fiscal policy.

The economic lull and lax fiscal policy led in 2002 to a deterioration of public finances, which not all countries have managed to bring firmly under control. On average, the general government deficit in the new Member States is estimated to be 5.7% of GDP in 2003 (see Table 1b), ranging from a surplus in Estonia to a deficit of 12.9 % of GDP in the Czech Republic. Five other countries have deficits in excess of 3% of GDP: Cyprus, Hungary, Malta, Poland and Slovakia. This represents an increase compared to 2002, when the average general government deficit reached 4.9% of GDP. However, most government balances in the new Member States in 2003 turned out better than expected in the Commission's autumn forecasts. Only in the Czech Republic was the deficit significantly revised upwards because of the inclusion of some state guarantees. With the improvement of the economic situation and a tightening of fiscal policy in some countries, the average general government deficit is expected to decline to 4.2% in 2005. Only in Poland is a sharp deterioration of the deficit expected, from 4.1% of GDP in 2003 to 6% of GDP in 2004, while in Lithuania it is expected a rebound in 2004 with the fiscal deficit still below (2.6%) but approaching the 3% of GDP.

Despite the sizeable budgetary deficits in most new Member States, price behaviour has been remarkably stable. For 2003, average inflation at 2.1% (private consumption

deflator) is expected to remain close to the levels observed in the euro area, but in 2004, acceleration to 3.5% is foreseen, slowing down to 3.2% in 2005. During part of 2002 or in early 2003, the Czech Republic, Lithuania and Malta experienced falling consumer prices on an annual basis, while in Estonia and Poland annual price increases were below 1%. Falling prices are in general not due to a lack of demand, but rather to better supply side conditions driven by strong productivity gains and enhanced competition.

Stimulated by the recovery in the EU and the prospect of enlargement, average growth in the new Member States is expected to accelerate to 4% in 2004 and to 4.2% the year thereafter. Export growth is forecast to increase to 8.5% in 2005 for the new Member States as a whole, favourably influenced by the pick-up in world trade and an improvement in competitiveness permitting to gain market share. The need to upgrade infrastructure remains large and investment, accelerating to 7.3% in 2005 according to the forecast, should complement exports as the main drivers of growth. Private consumption is expected to weaken somewhat, but to remain strong (between 3.7 and 4% in 2004-05), to which now also employment growth contributes. The external contribution to growth remains slightly negative in 2005 because of the large import needs of the new Member States economies.

An important restructuring process has taken place to support productivity gains and improve overall competitiveness. As a result employment has declined sharply in most new Member States until 2003. Also the employment structure has been influenced, with a massive shift of the labour force from agriculture and traditional manufacturing industries to services and high-technology, export-oriented industries. As such new industries take off the situation is expected to improve, but average employment creation should remain subdued at 0.3% in 2004 and 0.8% in 2005. Consequently, the unemployment rate is expected to remain high at about 13.8% in 2005 but showing a declining trend when compared to 2002.

However, the restructuring process is far from completed and in some countries , restructuring is considered to be lagging behind in industrial branches such as coal-mining, electricity, oil and gas sectors, iron and steel, weapons production, chemical and pharmaceutical, shipyards, light industry and the railways. Economic restructuring and the creation of new business opportunities is also expected to influence the size and structure of the informal economy which was estimated at 14-20% of GDP in Latvia and 25% in Lithuania.

2. SOCIAL SITUATION

2.1. Population

Unfavourable demographic developments have been a common feature in new Member States, with the exception of Cyprus and Malta where a natural increase of the population has taken place, and of Slovenia where it increased as a result of immigration. Negative natural growth has been a result of low and declining fertility rates and relatively high (above EU average) mortality rates, as well as of outward migration flows (especially in the Baltic countries). In the recent past, however, this negative trend has been slowing down and, sometimes, reversed (except in Poland and Slovak Rep.).

While immigration is currently low, it is important to note that over the last ten years migration patterns have changed significantly in the new Member States of Central and Eastern Europe. Most of these countries have shifted progressively from emigration countries to sending-receiving countries or -in some cases- mainly receiving countries. It is expected that improvements in the economic situation and better working conditions in the new Member States along with demographic ageing, will make migration to the EU15 countries less likely.

Although still considerably lower than in EU countries⁴, life expectancy has been increasing recently in all new Member States. The decline in fertility rates and the increasing life expectancy are expected to continue and their combined effect will cause the ageing of population and the corresponding raise in the old-age dependency ratio, although this is expected to remain lower than in old EU Member states. Ageing is already having a significant impact on health care expenditures in the new Member States and is expected to create a growing need for greater accessibility to social services for the elderly.

Family patterns have been characterised by relative low levels (or declining rates) of marriages, and an increase in the number of divorces and births out of wedlock. As a result, families have changed in size and structure, and while the number of households is increasing its average size has been decreasing. The above developments have contributed to weaken the family links and informal networks, although intergenerational solidarity is still strong as compared to EU standards.

Within new Member States there are many different ethnic and linguistic minorities but one group stands out in cross-national profiles of ethnic minorities - the Roma in almost all new Member States of Central and Eastern Europe. Although the reliability of national estimates of the size of the Roma population is hard to ascertain, it looks like they represent a sizeable share of the total population only in Hungary (5-6%) and the Slovak Republic (6.8-7.2%)⁵. It is well established, however, that they are characterised by lower employment and higher unemployment than the non-Roma population, and that their educational attainment level is comparatively very poor. Further, the provision of basic infrastructure and utility supply in the segregated settlements or colony-type neighbourhoods and the so-called "poverty enclaves" is inadequate. Other important ethnic minorities are the Russians in Estonia (26%), Latvia (29.2%) and Lithuania (6.3%), the Poles in Lithuania (6.7%) the Slovaks in the Czech Republic (2%), and the Hungarians in the Slovak Republic (9.7%). While poverty and social exclusion indicators between Latvians and non-Latvians (mostly Russians) and between Estonian and non-Estonians (mostly Russians) do not show major disparities, the prevailing unemployment rates among these ethnic minorities still show substantial differences.

2.2. Poverty and social exclusion

Poverty and social exclusion are significant challenges for the new Member States with large sections of the population living on low incomes and experiencing high

4 Except in Cyprus and Malta, where it is at par with the EU 15 average (Statistical Annex – Table 2).

5 Some estimates put the share of Roma in the Slovak Rep. at 8-10% of the population.

levels of deprivation. However, there are wide variations between countries⁶. The commonly agreed indicators adopted for social inclusion already provide a fairly accurate picture of the main dimensions of income poverty and a few aspects of social exclusion⁷.

While in the past income inequalities tended to be generally less than in the old Member States, reflecting a relatively narrower income distribution and a much lower level of median income, recent trends suggest increasingly wider inequalities as a result of fast economic growth and rapid changes in the labour market.

As measured by the ratio of total income received by the top 20% of the income spectrum compared to the bottom 20% (S80/S20) income inequality in the new Member States in 2001 was 4.2 compared to 4.4 in the EU15 as a whole. In Estonia (6.1), Latvia (5.5), Lithuania (4.9), Malta (4.5) and Poland (4.5), it is actually higher than in the EU 15. And the Gini coefficient, measuring income inequality across the entire population, is 28% both for new Member States and for the EU15.

In view of the slightly lower level of overall income inequality it is thus not surprising to find that the risk of poverty, that is the number of persons living in households with an equivalised disposable income below 60% of the national median, is slightly lower in the new Member States (13%) than in the EU15 (15%). However, Estonia (18%), Lithuania (17%), Latvia and Cyprus (16%) are above and Poland and Malta (15%) are in line with the EU15 average. In general the risk is much the same for women (13%) as for men (14%) but the risk is higher for women in the Czech Rep., Cyprus, Estonia, Slovenia and several countries note an increasing trend to higher levels of poverty among women.

Just as in EU15 (38%) the risk of poverty is very high for the unemployed in the new Member States (35%). This is especially so in Malta (50%), Estonia (48%), Slovenia (43%), Latvia (42%) and Lithuania (41%). Similarly by household type high levels of poverty are found in households with two adults with three and more children (25%) and in single parent households (20%). However, it should also be noted that work is not an absolute route out of poverty for many and, as in the EU15, 6% of the employed are at risk of poverty.

Looking at the risk of poverty by age the Laeken indicators show that the rate is especially high for children (0-15) in the new Member States (18%). This is particularly the case in Poland and Malta (21%) but also in Lithuania (20%) and Latvia (19%). Young people aged 16-24 also have a high risk (16%), especially in Estonia and Lithuania (21%), but also in Poland (19%) and Latvia (18%). On the other hand older people in the new Member States tend to have a low poverty risk at 8%, though Cyprus, Malta and Slovenia all have much higher rates (with a maximum of 58% for Cyprus).

6 Although the statistical data on poverty and social exclusion of the new Member States (except Slovakia) are validated by Eurostat, these data results from surveys which differ from the methodology of the European Community Household Panel.

7 The Laeken indicators are the set of 18 indicators endorsed at the Laeken European Council in 2001 in order to monitor progress across Member States under the Open Method of Coordination on poverty and social exclusion and to facilitate comparative policy learning. See Table 3 in the Statistical Annex.

It is also striking that, even though social protection systems in several new Member States are less developed than in old Member States, they still play a very important role in reducing the numbers in a situation of relative income poverty. While the risk of poverty before all transfers is 44% (EU15 39%), it falls to 25% (EU15 24%) when pensions are included and further to 13% (EU15 15%) when all welfare transfers are taken into account. Therefore the relative income effect of social protection systems on poverty levels is comparatively greater in new Member States than in the EU as a whole. The overall effect of transfers is substantial on average in the new Member States (44-13%) and particularly striking in the Czech Republic (36-8%), Hungary (44-10%), Poland (48-15%) and Slovenia (37-11%).

With large disparities in average GDP per capita and net earnings, it is clear that the poverty threshold as defined above will result in very different levels of income and living standards. The comparative analysis of the national poverty thresholds helps to illustrate how different levels of economic prosperity impact on the income and living conditions of those worse off. In 2001, a single person living at the 60%-poverty threshold in Germany had 26 € (PPP) for disposal on a daily basis, while the same household in Latvia could dispose of 6 € (PPP), each € buying the same amount of goods and services. Among the new Member States only Cyprus, Slovenia and Malta have monetary values of the 60% thresholds above the lowest level in the EU15, which is observed in Portugal. Thus it is not surprising that deprivation and lack of basic necessities are more widespread in many of the new Member States. Households in the new Member States on average lack twice as many basic household goods as in the EU15⁸. In Estonia it is estimated that in 2002, using a nationally agreed indicator of absolute poverty, some 25% of the population were still living below the absolute poverty line and over a third of children were below this minimal standard of living. It is also not surprising that national average levels of life satisfaction are considerably lower in the new Member States⁹.

Another important point that emerges from the JIM is the high level of vulnerability of some particular groups that tend not to be reflected in large scale national surveys. In this regard the position of people with physical and intellectual disabilities, people with mental illness, people living in or who have left institutions, ex-prisoners, people with alcohol and drug addiction problems, people with poor health and the homeless are frequently highlighted.

The situation of some ethnic minorities also gives rise to particular concern, especially Roma. In the Slovak JIM, it is estimated that up to 80% of Roma are dependent on social assistance benefits and that a large section of the Roma population lives in extreme poverty. Hungary notes that people of Roma origin are over-represented among those at risk of poverty and particularly of persistent poverty. It is estimated that the prevalence of poverty is 5-10 times higher than with the rest of the population. Poland also notes that Roma families are poorer than average and the very high dependency of Carpathian Roma families (95%) on social welfare.

8 See J. Alber and T. Fahey, *Perceptions of living conditions in an enlarged Europe*, European Foundation for the Improvement of Living and Working Conditions, Dublin, 2004.

9 Ibid.

Another key feature of poverty and social exclusion in the new Member States is very significant regional variations. For example in Poland the regional dimension is clear with 15% of rural inhabitants living at the minimum subsistence level and 10% in small towns. In Lithuania it is estimated that more than half (53%) of people living below the poverty line are rural dwellers. In the Slovak Republic regional income inequalities are an important factor with the net monetary income per household member in the Presov region being 8% lower than the average while in Bratislava it was 26% above average.

3. OBJECTIVE 1.1. – FACILITATE PARTICIPATION IN EMPLOYMENT

3.1. Labour market situation

Whereas employment has tended to rise since the mid-1990s in the EU15 countries, in the new Member States of Central and Eastern Europe it has fallen as a result of restructuring and job losses in agriculture and industry. Major contractions in agriculture and basic industries have not yet been offset by growth in services. Indeed, between 1998 and 2002, employment in services in the new Member States as a whole declined slightly instead of expanding¹⁰.

As a result, and while the situation in the labour market varies considerably from country to country, overall employment rates tend to be lower in the new Member States than in the EU 15. Only Cyprus showed in 2002 an employment rate (68.6%) close to the Lisbon target of 70%, while the Czech Republic (65.7%) and Slovenia (63.4%) were above or close below the EU15 average (64.3%). All the remaining countries were far below the old EU average, with the extreme position being occupied by Poland (51.5%). Employment rates show a great regional diversity in countries such as the Czech Rep., Estonia, Hungary, Latvia, Poland and the Slovak Rep.

Gender gaps in employment rates are found to be relatively smaller in the new Member States (12%) compared to the EU15 countries (17%). For the CEE countries this situation is to a great extent the outcome of an egalitarian heritage under the former regimes¹¹. However, female employment rates fell or stagnated in most of the new Member States in recent years despite economic recovery. They are close to the Lisbon target of 60% in Cyprus (59.1%) and Slovenia (58.6%) and above the EU15 average (55.6%) in Estonia (57.9%), Lithuania (57.2%), the Czech Rep. (57%), and Latvia (56.8%). Like in the EU 15 the gender pay gap is still important in all new Member States and, as compared to men, women have a limited access to managerial positions in companies and to high-skilled jobs. Women also tend to work part-time more than men, although, in general, non-standard types of jobs (flexible or atypical jobs) such as part-time, fixed-term, temporary, etc. are less widespread in the new Member States than in the EU15. Reflecting the severity of economic restructuring in CEE new Member States, which led to massive redundancies, employment rates of older workers tend to be much lower than in the EU 15. This is particularly the case with the Slovak Rep. (22.8%), Slovenia (24.5%), Poland (26.1%), Hungary (26.6%)

10 European Commission: Employment in Europe, 2003.

11 European Commission: "Gender pay gaps in European labour markets – Measurement, analysis and policy implications", SEC(2003)937 of 4th September 2003.

but also Malta (30.3%). Only Estonia (51.6%) and Cyprus (49.4%) are around the EU target of 50% for the employment rate of older workers. Contrary to what is observed for younger age groups, the gender gap in employment among older workers is very similar in the EU 15 and in the new Member States (near 20%).

In terms of unemployment there is a startling difference between the situation in the EU 15 and in the new Member States. While in the EU15 the rise in unemployment during the recent economic slowdown remained fairly limited, standing at 8% in November 2003, in the new Member States the unemployment rate in 2003, despite more favourable rates of economic growth, reached 14.3%. As a reflection of substantial economic and labour market restructuring, unemployment rates were particularly high in Estonia (10.1%), Latvia (10.5%), Lithuania (12.7%), Poland (19.2%), and the Slovak Rep (17.4%). They were lowest in Cyprus (4.4%), Hungary (5.8%) and Slovenia (6.5%). Further, in countries like the Czech Rep., Estonia, Hungary, Latvia, Lithuania, Poland and the Slovak Rep. the unemployment rate differs greatly across regions and between urban and rural areas. Unemployment rates of women are higher than for men in all new Member States – except in Hungary and Estonia.

Average long-term unemployment is much higher for new Member States (8%) than in the EU 15 (3%). However, the size of Poland introduces a certain bias in this general picture, as long term unemployment is very high in this country (10.9%). This problem looks quite intractable and constitutes one of the major driving forces of poverty and social exclusion also in the Slovak Rep. (12.1%) and in the Baltic countries, all with rates far higher than the EU average. On the other hand, the problem looks more subdued in Cyprus (0.8%), Hungary (2.4%), Malta (3.2%), Slovenia (3.3%) and the Czech Rep. (3.7%). Skill mismatches in the labour market are evident in all new Member States and account for part of the explanation for high long-term unemployment. This calls for an increased attention on the training and retraining needs of the labour force in most new Member States.

Also youth unemployment, measured as a share of the labour force aged 15-24, is highest in Poland (41.7%) due in part to high overall unemployment rate, Slovakia (37.3%), and to a lesser extent in the Baltic countries.

Despite the introduction of employment quotas for people with disabilities (e.g. in Hungary, Poland and Lithuania), it is estimated that they participate much less in employment. Financial incentives are considered to be insufficient to make companies more ready to pay the penalty than to hire disabled persons.

In recent years, the inflow of foreign workers has been substantial in some countries. They represent 10% (Cyprus) and 3% (the Czech Rep.) of the total labour force and a majority has been recruited for low-skilled jobs. Further, illegal immigration is increasing and constitutes an issue of concern for some countries, especially for Cyprus. They recognise the need to ensure a sharp reduction of the widespread black and grey economy as a major challenge.

Finally, the Roma minority has been identified in the Slovak Rep., Hungary, Poland and Slovenia as the one with the lowest education and skills and, therefore, the worst equipped to face the drawbacks of economic recession and the corresponding adjustment measures. Although official figures are difficult or non-existing, the

general perception is that they show high inactivity rates (Poland, and Slovenia). Further, when figures exist, the most recent estimates point to very high unemployment rates for the Roma (between 50% and 80% in the Czech Rep., 64% in the Slovak Rep., and between 18% and 60% in Hungary¹²) and very low employment rates (10% in Hungary).

3.2. Policies and institutions

Most relevant aspects of the current situation

New Member States have reoriented their employment priorities in the light of the guidelines set up in the European Employment Strategy and in accordance with the Joint assessment Papers on employment priorities (JAP). They have started to develop a pro-active and preventive approach by redirecting policies towards active labour market measures (ALMPs) often targeted at integrating those groups most distant from the labour market such as women, young and long-term unemployed, disabled persons, older workers, etc. Despite the limited financial funds available for ALMPs, most new Member States made increasing efforts to redirect spending towards active measures. However, they tend to depart from a very low basis. In 2002, the Czech Rep. devoted to passive employment measures 60-70% of the budget for employment policy. In 2003, Poland plans to fund ALMPs with 12% of the total Labour Fund expenditure, while in Slovenia the share of funds expected to be spent in 2003 in active policies is 40%.

In general, new Member States include among active labour market measures the launch of public works undertaken either by the government or together with the local authorities, measures to improve the level of education, training and re-training, vocational training, lifelong learning, etc. However, they often underline the insufficient relation between the existing levels of education, training and vocational training and the type of skills and qualifications required by the labour market. The introduction of the lifelong learning concept as a policy driver is at its early stages in most new Member States and informal and distance learning is generally underdeveloped.

The insufficient labour market flexibility in terms of part-time and temporary jobs has also been identified as a major culprit for limiting the possibilities of access to the labour market for most vulnerable groups, namely older persons and women with care dependents. However, as level of wages is low, part-time jobs may be insufficient in most cases to lift people out of poverty, especially when no one else in the household has a full-time job. To make part-time and flexible jobs more attractive for both employers and employees it is necessary to introduce incentives both financial and non-financial, such as favourable social insurance regulations, affordable and high quality childcare facilities, etc.

Finally, the concept of social economy is not developed with the same intensity in all countries. While in Lithuania a conceptual framework of a law on social employment

12 These figures come from different sources: the first from the 2001 Census based on the population aged 15 and over of Roma ethnicity; while the second comes from the Council of Europe ECRI.

is in preparation, countries which aware of its utility have set up, some times together with the social partners and NGOs, sheltered companies functioning under the non-market economy rules (Hungary and Slovenia) or "quasi-market employment" (Poland).

Main policies and institutions

Among the active labour market tools, new Member States have launched the following measures: (i) Public employment programmes: creation of employment opportunities in the public sector (Cyprus), and government support for public works, communal work and other employment schemes with training for the unemployed to maximise locally the available employment opportunities (Hungary); (ii) tax exemptions for employers spending in employees' education; (iii) Programs for school leavers, and a future program to address the issue of older workers (Poland); (iv) Proposal of allowances to disadvantaged groups (ex-offenders, etc) in regions eligible for state aid (Slovak Rep.), and support of old workers and active ageing through subsidies to regions and new measures in the area of pensions to provide a possibility to continue working after reaching retirement age (Slovak Rep.); (v) Reform of the education system to reduce dropout rate among young and new training programs for entrepreneurship and self-employment; and (vi) Shift the funding from the social security to the state budget to reduce the tax wedge and allow for greater funding on activation measures, while ensuring that the reform mostly benefits the low-income groups (Slovak Rep.).

When focussing on disabled people, and other groups furthest from the labour market, new Member States have introduced the following measures: (i) Provision of incentives to private employers exclusively for persons with disabilities (Cyprus); (ii) Subsidies for companies employing disabled people (Malta), and further tax advantages, although the numbers of new jobs continue to decline (the Czech Rep.); (iii) Subsidised jobs for disabled young people, establishing networks of benefit and service providers around the public employment services regional institutional, and introducing work place adaptation programme (Estonia); (iv) Wage subsidies for young people in training and PHARE programs for Roma, women and/or older workers (the Czech Rep., Hungary, and the Slovak Rep.), and subsidies for wages and social security contributions and public aids granted to employers providing training (Poland); (v) Sheltered companies for disabled persons as the most appropriate job possibility (Slovenia); and (vi) Quota system for disabled persons in most countries, and exemption to pay several types of contribution (social insurance, rehabilitation, etc.), although companies preferred most of the times to pay the contribution which was very low (the Czech Rep., Hungary, Lithuania).

The idea of reconciliation of work and family life is well established in all new Member States. However, despite the developed family support systems, there is a widespread shortage of facilities for child care and care for the elderly. Apart from family benefit schemes, parental and maternity leave allowances, etc., the following measures have been introduced: (i) Promotion and development of a wide range of family services by the non-governmental sector (Cyprus); (ii) Tax rebates for working parents with several children or single parents (Latvia) (iii) Program whereby 'services allowances' are granted to families with children, and the future implementation of a 'tax bonus' for families with children (Slovak Rep.); (iv) Pre-

school programs, and programs on care for the elderly (Slovenia); and (v) a system offering personal care to the elderly (Hungary).

Brief assessment of the key priorities for future policy review

The need to intensify ALMP measures to reintegrate in the labour market those groups identified as most threatened by social exclusion is widely emphasised in the JIM as well as in the JAP. Hence there is a need to ensure in the future an adequate complementarity between the National Action Plans for social inclusion and for employment to fully recognize the relevance of active labour policies for combating poverty and social exclusion. This implies to better focus ALMPs on the unemployed (namely long-term), the Roma, people with disabilities, women (notably young women after child-birth, also older women), and unskilled persons. Appropriate measures imply: (i) to allocate greater financial resources and institutional efforts; (ii) to fund ALMPs by the state budget, whereas passive measures are funded through social security (Lithuania); (iii) to enlarge vocational training programmes in order to increase the number of participants; (iv) to improve the current training system, which is not always geared to persons outside the labour market, and improve the existing vocational rehabilitation schemes for disabled persons (Cyprus); (v) to prevent youth unemployment by designing programs that ensure the matching between the qualifications of school leavers and the labour market needs (Hungary); (vi) to achieve better co-ordination of employment, welfare and other services and employment offices and local municipalities (Estonia); (vii) to promote the education and training, work in public works, and subsidised works for Roma (Slovenia); and (viii) to introduce a certificate system to help the unemployed without basic qualifications (Slovenia).

There is also a recognised need to make society aware of the concept of life-long learning and develop and implement it as widely as possible. Most new Member States are trying to develop, throughout formal education, certain skills and abilities that are requested by the labour market, as well as to improve the educational system by a more intensive use of ICT at all levels.

Several countries are deploying efforts aiming at the modernisation of the Public Employment Services (PES), by redirecting them towards active measures, including counselling and job search support, while reducing the administrative burden associated to the payment of unemployment benefits (e.g. Poland¹³, and Slovak Rep.).

Finally, it has been widely recognised the importance of mainstreaming 'make work pay' in all labour market, employment and social policy areas to face unemployment, inactivity and poverty traps. New Member States should review their ALMPs and social protection systems with the aim of reducing the dependency ratio of people living on long-term benefits, improving the employability of job seekers and increasing the participation rates, particularly of women and older people. Recent reforms in tax systems should be properly monitored, to avoid increasing taxation on labour which is already relatively high in some countries. Balanced taxation levels can

13 Poland intends to shift the payment of pre-retirement benefits from Labour Offices to Social Security Institution. Labour Offices will be still responsible for payment of the unemployment benefits.

help addressing the problems of how to increase the legal coverage of immigrant workers on the one hand and of transforming undeclared work into regular employment. On undeclared work which sometimes is related to the illegal economy, a reinforcing of legal sanctions could be considered and individually-tailored programs could be developed to make legal work pay.

4. OBJECTIVE 1.2. – FACILITATE ACCESS BY ALL TO RESOURCES, RIGHTS, GOODS AND SERVICES

4.1. Social protection systems

Most relevant aspects of the current situation

With the exception of Slovenia¹⁴, all new Member States use national sources for data on social protection expenditure and revenue impeding any meaningful comparison with current levels in the EU 15.

Since the early 1990s new Member States have undertaken, with a varying intensity, substantial reforms aimed at adapting their social protections systems to the transition to modern, market-based economies. In the early 1990's, the Czech Rep. introduced important reforms in its social security system without negative repercussions on social inclusion. In 1997, Estonia enacted a reform of its social security system, and was followed by Hungary (1998), and Latvia which launched wide-ranging reforms of their pensions system, building-in incentives for extending working lives. In 1999, the pension reform in Poland followed two major principles: one was a shift from defined-benefit to the defined-contribution framework, and the second one was the introduction of mixed pay-as-you-go and funded financing. The former is the more important from the perspective of long-term stability of the pension system and building-in incentives for extending working lives, while the pay-as-you-go part is larger than the funded one, as contribution rates for old-age pensions are 12.22% and 7.3%, respectively. In 1999, Slovenia passed a law on a reform of pensions and disability schemes to address the challenge of an excessive use of early retirement resulting in a low effective retirement age. Since 2002 the Slovak Republic has been reforming its social protection system with the aim of removing disincentives to work and promoting more active policies. Overall, new Member States have sought to ensure the financial sustainability of their social protection systems while trying not to undermine the solidarity framework within which such systems have been developed. However, social protection systems are still poorly resourced in some of the new Member States and as a result do not grant fully adequate income support to large numbers, particularly in case of unemployment or disability, or in some countries do not provide good quality and accessible health and social services throughout the entire territory.

In some countries, particularly those with less developed social protection systems and high long-term unemployment (Estonia, Latvia, Lithuania) the impact of social transfers, apart from pensions, in reducing poverty is muted. Consequently, the stress

14 Slovenia has produced data on social protection following the ESSPROS methodology for the period 1996-2000 and shows a share of social protection in GDP terms in 2000 (26.6%) very close to the EU average in that year (27.3%).

of reforms in these countries has been on expanding and, sometimes deepening, the social protection systems both by setting up new schemes guaranteeing adequate minimum levels of income (through minimum wages, guaranteed minimum income schemes, etc.) and providing better protection for the unemployed and for low-income people, in general. Further, as taxation on labour is relatively high in some cases, tax reforms on personal income and reduction in social security contributions have taken place to narrow the tax wedge on labour, namely at the lower end of the wage scale (low-skilled workers). Finally, the informal economy and the lack of efficiency in tax administration and collection raise the problem of transforming undeclared work into regular employment (illegal immigration) and erode the long-term financial sustainability of the social protection systems.

Some of the countries with relatively more developed social protection systems have to face the simultaneous challenge of low activity rates, and high welfare dependency. Large numbers in working age remain inactive as a result of widespread use of early retirement schemes and misuse of disability pensions during the economic restructuring underwent in the 1990's (Hungary, Poland). Traditional social structures that had been more than offset in the past by mandatory employment, started exerting negative impact on the activity rate of women that is increasingly falling behind the activity rate of men. Furthermore, in several countries (Cyprus, the Czech Rep., Slovakia and Slovenia) loose eligibility conditions can encourage the social acceptance of living long-term on benefits instead of directing efforts to search for a job. Therefore, in this group of countries reforms have focussed, with different intensity, on the need to make work pay in order to reduce the long-term dependency of welfare beneficiaries.

Brief assessment of the key priorities for future policy review

New Member States should maintain their efforts in modernising their respective social protection systems and reinforce their active labour market policies, with the aim of reducing the dependency ratio of people living on long-term benefits, improving the employability of job seekers and increasing the participation rates, particularly of women and older people. However, it will be important to ensure that, in undertaking reforms, the fundamental role of social protection in ensuring an adequate income for those who are excluded from the labour market is preserved. Furthermore, it is important that poorly designed reforms do not force people into low paid and insecure jobs (including those in the grey economy) that are not sufficient to lift them out of poverty. Reforms will need to be closely monitored to ensure that the situation of particularly vulnerable groups such as the Roma or people with a disability is not worsened. In some cases, modernising social protection systems will mean expanding and deepening (strengthening) the existing social safety nets, while in others the focus will be more on the efficient use of social protection schemes and in making work pay, encouraging social welfare beneficiaries to active job searching and providing greater employment incentives.

Several types of schemes need to be restructured and better designed. For example, in Cyprus and Poland some family benefits will have to be simplified and better focussed so as to support families with children (mainly those attending schools). In the Czech Rep., the system of social care benefits for people with disabilities needs to be reformed and to respond in a more differentiated way to the needs of people with

disabilities. In Lithuania, there are no social pensions for disabled and elderly people, whereas in Poland they were formally used in place of unemployment benefits (17% coverage rate) and social assistance maybe reflecting the lack of any other suitable form of social protection for people such as older unemployed workers apart from the "Programme 50+" which aims at activating older unemployed workers. Finally, Malta is studying plans for reforming the welfare and pensions systems.

A second element to be considered is the ageing of population and the related challenge to the long-term financial sustainability of social insurance and health care systems. Ageing, combined with the massive use of pensions in the recent past to face the social consequences of economic restructuring, is posing a threat to the financial viability of basic pension insurance system in many countries. Therefore they will have to closely monitor the progress made in implementing pension reform or re-examine the conditions under which their pension systems may continue to ensure both financial viability and social adequacy. Some countries have recognised the need to ensure commensurate pension rights for atypical forms of employment and introduce incentives for people to retire later (Hungary, Poland) and perceive that a sharp reduction of the widespread black and grey economy is a major challenge in view of the sustainability of the pension systems (Hungary). Poland has legislated to discontinue the early retirement privileges after 2006. Currently, the Polish government works on the special arrangement of "bridging pensions" that would be paid to some of the workers, who work in special conditions, in which working until legal retirement age could be harmful for their health status. However, the scope of this solution will be much smaller. Further, in considering policies that prolong the working lives, account should be taken of the concrete circumstances prevailing in those societies, particularly with respect to the lower life expectancy, namely for men. On the other hand, the need to raise replacement rates of old age pensions and other social provisions for very low income elderly people may need to be considered in some countries (e.g. in Estonia). Slovenia has recently introduced a state pension benefit which it expects to contribute to reducing poverty among the elderly.

Countries will need to focus on healthcare policy as a basic tool in the promotion of social inclusion. In the case of Cyprus, the introduction of a National Health Scheme by 2008 should contribute to this aim; while Slovenia is preparing an extensive reform of the financing of health insurance aimed at making available entirely under compulsory health insurance the majority of services that are vitally necessary and useful for health and treatment.

It is necessary to ensure equal access to social services and improve the quality and efficiency in the delivery of services which are sometimes of a low quality and do not meet the needs. For example, in the Slovak Rep., there is a need to increase both the provision and the quality of services. In the Czech Rep., there is a need to extend the coverage of social services to more groups and to strengthen the legislative framework. Finally, it is necessary to strengthen the role of social welfare institutions, in particular to increase the number of social workers and to concentrate on social work and other active forms of support. In Hungary, for instance, it has been identified the need to develop local services for the disabled, psychiatric patients, addicts and homeless people. Local authorities and the third sector – especially NGOs – should expand their activities and be more involved in actions combating social exclusion.

4.2. Housing and basic services

Most relevant aspects of the current situation

The privatisation of the housing market during the transition period and the partial liberalisation of the market in some countries brought about a change in the ownership structure. As a result, a large share of the population own their home in countries like Cyprus (68%), Estonia (90%), Hungary (92%), Latvia (79%), Lithuania (80%), Malta (68%), and Slovenia (88%). However, in some cases, a stratum of owners is unable to pay the utility bills, the interest on their bank loans – which results in an accumulation of debts – and the renovation costs of their buildings and the corresponding deterioration and devaluation of their properties.

In all new Member States, the housing sector still faces serious problems, which mainly concern the lack of affordable quality housing and, more particularly, quality social housing. Also worrying are the poor conditions of the flats, poor standard of dwellings equipment, high costs of the utilities and flat maintenance, and the financial difficulties to pay the rent faced by the tenants, which in many cases result in high indebtedness of the tenants and constitute an additional risk of poverty, not to mention the existence of overcrowded dwellings with no appliances, which can be described as "housing poverty". Poorer housing conditions and infrastructures are highlighted in the case of the Roma minority, but also for other most vulnerable groups such as homeless, people living in disadvantaged areas, refugees, certain categories of immigrants, ex-prisoners, etc.

All new Member States have identified the provision of decent housing as a key challenge. There is insufficient public building land and insufficient public supply of social houses and apartments, dwellings, hostels, etc. is low. Countries such as Estonia, Hungary, Latvia, Lithuania, Malta, and Slovenia, have underlined that the stock of public – namely municipal – social houses and apartment rented is very small. Further, the financial capacity of public institutions, namely the municipalities, is very limited in comparison with the housing problems to be faced. The housing market has been privatised in Estonia or increasingly based on free market regulations in Poland. In Poland and (prior to the liberalisation reform in 1995) in Malta, the relative wide scope of tenant protection (frozen housing rents) does not create any incentive for rational purchase or rent of a dwelling. In Poland, in order to develop the rental market and to popularise renting with a contract, work is being carried out on an amendment of the Law on protection of tenant rights which will be important to monitor with a view to avoid that the new situation implies a increased risk for the low-income tenants.

Main policies and institutions

New Member States have conducted their housing policies and the corresponding institutions and strategies set up in different ways. Some have followed a comprehensive strategy and have launched fully-fledged nation-wide housing plans which include national housing funds (e.g., Poland, and Slovak Rep.). Other have introduced housing programs focussing on some of their specific housing market problems or on relevant target groups depending on the most vulnerable people prevailing in each country. Some countries have provided special attention to the

housing specific needs of disabled persons and persons with mental problems (Malta, and Slovenia).

The geographic dimension has also been taken into consideration as this is the case of rural areas in Poland, particularly needed areas such as Cottonera in Malta, and the need to improve the utilities infrastructure of Roma settlements in Hungary and Slovak Rep. New Member States describe a set of actions designed to give low-income households better access to decent housing appropriate to their needs. This includes the following measures:

1. Various types of subsidies. Subsidies for building granted by the municipalities (Slovenia) or the state (Estonia) for the renovation of apartment buildings and municipal rental housing. Subsidies for the construction of rental apartments for income specified households and subsidies for the construction of subsidised apartments for people disadvantaged in their access to housing, not only by income but also other reasons such as health, age or unfavourable life circumstances (the Czech Rep.). Subsidies up to 50% for procurement of rented apartments and construction of apartments, etc., and up to 80% for the Roma, and subsidies for utilities networks and infrastructure (the Slovak Rep.). And finally, subsidies for part of the housing loans (Lithuania) and subsidised rents for low-income people (Malta, and Slovenia).
2. Grants and loans on preferential terms (low-interest rates and long repayment periods) for social housing building societies and residential cooperatives and to purchase a dwelling (Poland), offered to low-income families or households settling in specific communities or villages (Cyprus), and guaranteed loans for young families, young specialists, home-owners' associations, etc. (Estonia).
3. Financial assistance provided by the government for rebuilding and rehabilitating of traditional buildings or building new houses in empty plots (Cyprus), for home repair and maintenance (Malta), and non-refundable state funds to build publicly owned houses, and state local governments funding for efficient reconstruction and modernisation of houses built of building blocks and other industrial technologies and the regeneration of housing estates (the Czech Rep. and Hungary).

Some countries have also introduced measures to avoid exploitation or abuses on the property market and prevent the expulsion of tenants or owners who have got into social or financial difficulties. Latvia and Poland, for instance, have banned the eviction of families with children based on unsettled rent unless an alternative social dwelling is provided, and the insurance premiums for housing loans are paid by the State in Lithuania.

In all new Member States, municipalities play a major role in providing support in different ways to the most needed and they also help prevent the deterioration of socially excluded neighbourhoods. In some countries, they are the main responsible for providing homeless people with accommodation in hostels, temporary flats and care homes, and housing for persons and families who cannot afford adequate housing and, where necessary provide social housing, night shelters and social services for

homeless. In Latvia and Malta this is complemented by the support provided by NGOs. In Poland, the third sector plays a significant role in providing homeless people and other disadvantaged groups such as women experiencing violence with night shelters, care homes and other kinds of support in field of housing.

Brief assessment of the key priorities for future policy review

In several of the new Member States, a well-defined nation-wide housing strategy – namely, social housing – including the set up of housing funding institutions is missing. They follow a piecemeal approach and housing schemes are sometimes numerous, fragmented and with little coordination among them. This is recognised by the Czech Rep. which stresses the fact that too many public sector instruments are a barrier to the formation of a well-functioning market of residential apartments. On the other hand, there is a clear need to increase the supply of housing, in particular, the public owned rental housing, but also shelters for homeless, reconstructs block of flats (Hungary), etc. In the short run, the public sector has few means to intervene in the housing market by removing obstacles to create an efficient housing market and enhance social housing. This is sometimes the result of historical trends concerning the protection of tenants which limits the development of the renting housing market (Malta, and Poland).

For the future, it is important to reduce the costs for utility payments and housing and introduce assistance programs for households unable to face rental payment, etc. (Latvia and Hungary) and liberalise further the renting housing market in some countries (the Czech Rep., Malta, and Poland); and also attract private capital investors to make affordable rental housing, eventually with some public support (Hungary). It is also needed to prevent the emergence of socially excluded neighbourhoods and housing segregation (Estonia) and set up a strategy to prevent homelessness (the Czech Rep.). Finally, it is crucial to support the municipalities when implementing their housing strategies and develop the role for private and non-governmental enterprises in the provision and maintenance of social housing (the Czech Rep. and Malta).

4.3. Access to Health Care

Health situation

The general health conditions in the new Member States are worse than in the EU-15. Life expectancy at birth is significantly lower. For men it ranges from 65 to 72 years (EU-15 73-78) and for women from 76-80 (EU-15 79-83). Some countries have increasing cases of tuberculosis and, in general, there is an increasing trend in the drug use in the general population. Death rates from many non communicable diseases remain much higher than in Western Europe and seem to reflect traditionally high levels of smoking and poor dietary intake¹⁵. Disease patterns are characterised by an increasing proportion of chronic patients accounted for ageing of the population and unhealthy lifestyles including poor diet, smoking and alcohol habits, etc. In some countries (Poland, Estonia, Latvia) the use and abuse of alcohol is deemed to be an issue of real concern. Poor health conditions are compounded by working conditions

15 DG Employment and Social Affairs: Social protection in the 13 candidate countries.

and this highlights the importance of Health and Safety legislation. In a recent study 40% of people in the new Member States compared to 27% in EU15 considered that their work affected their health or safety.¹⁶ Given these factors it is not surprising that only 66% of people are satisfied with their health in the new Member States compared to 83% in EU-15 and only 35% are satisfied with their health care system compared to 54% in the EU-15¹⁷.

Policy trends

Significant changes have taken place in recent years in the health policies in the new Member States. They have moved away from centralised and institutionalised systems towards systems based on social health insurance (except Latvia) which are increasingly decentralised and in which the emphasis has shifted significantly towards developing primary health and community care services. There is also a much greater mix of public and private provision and also involvement of NGOs, for example in Poland. However, the development of services has progressed at very different rates and there are marked variations in the extent and quality of services within and across the new Member States, especially for the most vulnerable groups. This is also related to the wide variation in health expenditure as a percentage of GDP ranging from 4.4% in Latvia to 7.7% in Slovenia. Strikingly expenditure in the new Member States on average lags considerably behind the EU15 while many health indicators compare extremely poorly.

In general there is a commitment to improving universal access to health care so as to guarantee adequate minimum levels of health care for everyone while at the same time recognising that some groups face particular problems and need more targeted attention. However, the insufficiency of provision has resulted in some cases, notably in Poland, in the better off using a parallel system of paid basic and specialised care. From a social inclusion perspective a number of key trends in policy are particularly evident.

Improving coverage: Considerable efforts are being made to overcome inadequate or uneven provision of services and reduce waiting lists. Thus one finds countries like Slovenia and Slovakia focussing on reducing regional differences and Slovakia identifies the need to improve preventative and curative primary health care services for the Roma living in remote regions. Latvia, Lithuania and Poland emphasise the need to extend the network of family doctors, especially in rural areas, while Cyprus has established a network of rural health centres. Hungary has increased salaries in health services by on average 50% to ensure the retention of staff.

Overcoming barriers to access especially for disadvantaged groups is a common concern. For instance Hungary has developed an interesting set of initiatives to improve the health conditions of disadvantaged groups such as the Roma, disabled, homeless, addicts and children in state protection. Slovenia has established outpatient departments, including counselling, for people without health insurance. The Czech

16 European Foundation for the Improvement of Living and Working Conditions: Working conditions in the acceding countries, Dublin 2003.

17 See J. Alber and T. Fahey, *Perceptions of living conditions in an enlarged Europe*, European Foundation for the Improvement of Living and Working Conditions, Dublin, 2004..

Republic emphasises linking health and social care services and through an integrated community care strategy mainly at community level and expects this to particularly benefit disadvantaged groups. Several countries have schemes to reduce the cost of medicines and aids for particularly disadvantaged groups.

A focus on prevention is increasing. For instance Cyprus highlights child care and maternity services while Slovakia is developing programmes focusing on health of women and children in poor communities. Improving information on health services and developing health education programmes is seen as important by several (Estonia, Hungary and Latvia). Some countries have identified the need target particular diseases, for example Slovakia aims to improve early diagnosis of cardiovascular and oncological diseases, Lithuania works to prevent tuberculosis and Estonia stresses the national programme to prevent HIV and AIDS.

Looking to the future all countries will need to adjust policies to reflect demographic changes and thus provide more geriatric services and long term care facilities. However, the main emphasis still needs to be on improving access and prevention for disadvantaged groups. Hungary's initiative to launch a survey to ascertain the factors that hinder access to primary healthcare services of excluded groups as part of the Equal Opportunities for Health programme is a positive example in this regard. Similarly, the Czech Republic is enhancing its already strong emphasis on equity through the preparation of standards taking into account quality health care for socially weak, vulnerable and disadvantaged population groups. This provides an interesting model for ensuring guaranteed minimum care from both a qualitative and quantitative point of view.

4.4. Access to Education

Level of education

In general, the overall level of education as measured both in terms of educational attainment level and early-school leavers and/or dropouts has been improving recently. In terms of upper-secondary education, the new Member States outperform most of the EU-15. This high level of general education will be an important support in tackling the multidimensional challenges ahead. Some 81% of the population aged 25-64 has completed upper secondary education in the new Member States compared to only 65% in EU-15¹⁸. However, actual levels of proficiency give raise to concern in most new Member States which, according to the results of the PISA study, fall into the lower half of the performance on measures of mathematical and scientific literacy for 15 year olds. In 2002, for instance, figures of early-schools leavers in the 18-24 age bracket (9%) compare rather favourably to the EU-15 (18.9%). Concerning tertiary education, attainment levels in the new Member States are on average below EU level and they have not improved much in the past decades¹⁹. In 2000, the share of graduates in mathematics, science and technology was in all new Member States

18 In considering these figures it is important to note that different definitions of upper secondary schools are used in different countries. For example, 80.8% of the Polish population aged 25-64 have completed upper secondary education, while this figure also includes secondary education which does not qualify the person to enrol in tertiary education.

19 In those new Member States which are OECD members, tertiary attainment in the 25-34 age bracket has not improved with the exception of Poland, as compared to the 45-54 age bracket.

below the EU15 average (26.1%). Lithuania had the highest share (26%), while Poland (14.7%), Hungary (12.0%), Cyprus (11.9%) and Malta (10.3%) had the lowest shares²⁰. Malta in particular shows high levels of illiteracy (11.2% in 1995 for the whole population) and recognises the need to overcome this situation and enhance the provision of vocational education.

Policy approaches

While education standards are generally quite high across the new Member States there is a general recognition of the need to improve the quality of education and expand the relevant use of ICT in the school systems as an integral part of a socially-inclusive educational strategies. In this regard the importance of seeing education as a process of lifelong learning that ranges from early childhood through to adult and vocational training and encompasses informal and non-formal learning is increasingly recognised. However, to make this a reality, particularly for those most at risk of poverty and exclusion, poses some significant policy challenges which many countries are only beginning to address. There is also a tendency to focus on educational policies which will help to increase people's access to the labour market without giving sufficient consideration to the importance of developing basic skills for participation in society.

Four main policy approaches to tackling educational disadvantage within the school system and preventing early school leaving can be identified. *First*, there is early intervention such as promoting pre-school education in nursery schools and preparatory classes in primary schools for children from socio-culturally disadvantaged environments, including Roma (the Czech Rep. and Hungary).

Secondly, there is an emphasis on mainstreaming, for example transferring Roma children from special to ordinary schools (the Czech Rep., Hungary, Latvia, Poland, Slovakia, Slovenia) or increased mainstreaming of students with special needs in elementary and secondary schools (Cyprus, the Czech Rep., Estonia, Lithuania, Malta, Poland, Slovakia) and providing special supports and teaching aids (Hungary).

Thirdly, there are a range of initiatives to counter educational disadvantage and early school leaving within the school system. These include: multi cultural education and where relevant language training to integrate culturally diverse groups of students (Cyprus); expanding educational psychology, career and vocational guidance services (Cyprus and Slovenia); enhanced training and in-service opportunities for teachers, including on working with children from disadvantaged backgrounds or with disabilities (the Czech Rep. and Slovenia); developing literacy programmes in secondary schools (Cyprus and Malta) including community-based literacy training and family literacy courses; promoting special initiatives to prevent early school leaving including increasing variety in the curriculum, individualising studies, providing for special classes and home studies, (Cyprus and Estonia); providing courses for people who have not finished primary education (the Czech Rep.) and

20 The number of tertiary graduates in mathematics, science and technology per 1000 inhabitants aged 20-29 was in 2000 below the EU15 average (9.3%) in all new Member States except Lithuania (12.1%).

including especially the Roma (Hungary); designating and giving special support to schools in educational priority zones and developing whole day schools (Cyprus).

Fourthly, there are initiatives to overcome particular barriers to access such as providing children from families unable to secure adequate living and studying conditions with free placements in student homes (Estonia) or improving access to education in rural areas (Poland) or helping poorest families with the costs of school equipment (Poland) or providing free or reduced cost school meals for children from poor backgrounds (Lithuania, Poland, Slovakia) or providing funding to support involvement of Roma children in education and further education, including higher education (Hungary) or employing Roma as assistant teachers or intermediaries between school and pupil's family (Poland).

However, emphasis is also put on policy changes that will contribute to making education more relevant to the modern labour market (Cyprus and Slovakia). Stress is also laid on developing adult and vocational education opportunities including reforming vocational training programmes to bring them more into line with the labour market (Estonia), increasing access for both employed and unemployed to further education and training by removing barriers such as high costs and low motivation (Estonia), developing literacy courses for unemployed (Malta) and second chance courses in basic skills especially for women (Malta) and expanding retraining opportunities for the unemployed (Slovakia).

Much more needs to be done in many of the areas identified. In particular three areas stand out: first, the further mainstreaming of children with special needs and Roma children in mainline schools; secondly, expanding integrated responses to early school leaving and to increasing the number of early school leavers in further education; thirdly, the funding and development of comprehensive systems of lifelong learning with improved access for people at risk of poverty and social exclusion and living in remote/rural areas.

4.5. Access to Other Services

Transport

Developing transport policies are seen as an important component of an inclusion strategy in a number of countries, especially in relation to accessing the labour market, overcoming social and geographic isolation and facilitating people with disabilities. The Czech Republic is implementing a National Mobility-for-All development programme focusing on supporting groups of people with limited capabilities of mobility to move around such as the elderly, people with disabilities or temporary mobility limitations, pre-school children and pregnant women. On the other hand, in some countries it is noted that in some areas and for some groups an insufficient public transport infrastructure creates major obstacles to social inclusion (Poland).

Legal Services

Accessible legal services play a very crucial role in securing basic rights in new Member States. Hungary recently adopted Act LXXX of 2003 (6 November 2003) on free legal assistance for people with inadequate means, and an anti-discriminatory

user service network for the Roma is also in operation. Poland highlights the high cost of legal services and the barrier that this can represent for low-income people to access legal services. A number of initiatives to address this are reported such as the creation of a citizens' legal guidance system which includes Citizens' Advice Centres and some free legal services.

5. OBJECTIVE 2 - PREVENTING THE RISK OF SOCIAL EXCLUSION

5.1. E-Inclusion

The rapid growth of information and communication technologies and the risks of e-exclusion but also the new possibilities for the inclusion of some groups is well recognised across the new Member States. However, access varies widely and some countries (e.g. Lithuania, Slovakia, and Slovenia) lag well behind in developing policies to improve access. Increasing e-inclusion is a concern many national information society strategies. Key initiatives include:

- developing a network of Internet centres and public access points (the Czech Rep., Estonia, Malta, Slovenia) and especially in disadvantaged, isolated rural and Roma communities (Hungary) with a view to new support services;
- developing training opportunities in ICT-related skills for at risk groups (Cyprus, Estonia, Hungary, Latvia, Slovakia and Slovenia);
- developing user-friendly applications and adapting the information and learning environment to the needs of people with disabilities (Estonia, Malta, Lithuania, Poland and Slovenia); and
- ensuring the integration of ICT in schools (Cyprus, the Czech Rep., Estonia, Hungary, Malta, Latvia, Lithuania, Poland, Slovakia, Slovenia).

These initiatives raise the importance of carrying on research and evaluation on good practices in relation to disadvantaged groups, in education, training and social organisations. It also calls for training social workers in the use of ICT for improving social inclusion and ICT for learning (e-learning).

5.2. Indebtedness

The problems of indebtedness arising particularly from the cost of public utilities and leading to the risk for some poor families being evicted from or having to sell their home is highlighted by some (Hungary and Lithuania). Policy approaches include: financial assistance to reduce debts and for payments to help with cost of heating and water; putting in place procedures and mechanisms to protect homeowners; developing money advice and budgeting services.

5.3. Family Solidarity

Supporting families is an important policy objective in several countries particular given the changing structures of families and the high risk of poverty for lone parent and larger families (the Czech Rep., Malta, Latvia, Lithuania, Poland, and Slovakia). Support is addressed through a range of policy tools such as employment, social

protection, social services, housing, health, justice and taxation. However some countries such as Poland and the Czech Republic still highlight the need to develop a comprehensive or coherent framework for family policy. The coordination of all agencies providing services to families, especially to those at risk, is very important. In addition to general policies and programmes a number of additional supports are developed, particularly to help families at times of crisis. Slovakia has a comprehensive and long-standing network of free counselling and psychological centres for the family.

The development of support services for families such as good quality and affordable childcare, pre-school facilities and social, care services for old-age family members and those with disabilities and parenting skills programmes can be very important to help prevent exclusion. In crisis situations such as domestic violence ensuring strong legislation to guarantee the rights and protection of victims of violence is essential as is developing interdisciplinary teams and raising awareness (the Czech Republic and Malta). Women's crisis centres providing shelter, psychological and legal assistance etc. can play an important role (Lithuania). Developing social services to support at risk families is seen as important (Lithuania). Partnership between the state and NGOs and community development organisations is seen as very important in developing accessible and timely services and supports for families (Cyprus and Malta)²¹.

6. OBJECTIVE 3 - HELPING THE MOST VULNERABLE

Ensuring the transposition and effective implementation of European Community legislation on discrimination, notably the Article 13 Racial Equality²² and Employment Framework Directives²³, is an important element in strategies for promoting the integration of vulnerable groups who are often subject to discrimination.

6.1. Ethnic minorities - The Roma

The need to give a high priority to the development of policies and programmes to tackle the very extensive and high levels of poverty and social exclusion of the Roma in Slovakia, Hungary and also the Czech Republic is strongly acknowledged. While the numbers involved are much smaller the issue is also acknowledged in several other countries (Latvia, Lithuania, Poland, and Slovenia). However, enforcing legislation and ensuring the effective implementation and sustained resourcing of policies and programmes on the ground remains a major challenge. Also it will be very important in countries undertaking significant reforms of their social protection systems to ensure that these do not impact negatively on the Roma and actually deepen their poverty and exclusion.

Some of the most positive features of current policies include moves to:

21 See also 6.3 Children at Risk.

22 Council Directive 2000/43/EC implementing the principle of equal treatment between persons irrespective of racial or ethnic origin.

23 Council Directive 2000/76/EC Council Directive 2000/78/EC establishing a general framework for equal treatment in employment and occupation.

- strengthen rights, ensure equal protection under the law and so challenge discrimination and promote equal opportunities such as the role of the Parliamentary Commissioner for National and Ethnic Minority Rights in monitoring the enforcement of rights in Hungary;
- develop more comprehensive and integrated responses such as the Czech Rep.'s concept for Roma Integration, Hungary's medium term package of actions promoting equal opportunities for Roma people, Poland's Government Programme for the Roma community, Slovakia's Comprehensive Development Programme of the Roma Settlements and Slovenia's Programme of measures for the assistance of Roma;
- move from separate/special provision to mainstreaming: this is especially the case in the area of education (Czech Rep., Hungary, Latvia, Poland, Slovakia, and Slovenia);
- comprehensive efforts to address the multiple deprivation in many settlements (Hungary, Slovakia and Slovenia); and
- ensure Roma representation in the policy process such as Hungary's minority self-government system.

However, if these positive indications are to be sufficient to address the scale of the challenge there are a number of key barriers to be overcome. First, prejudice and discrimination in the wider society but also amongst those responsible for implementing policies, especially at a local level, remains widespread and clearly hinders many Roma from accessing the resources and opportunities that are the norm for other citizens. This requires both stricter enforcement of EU directives against discrimination and significant efforts to change attitudes in the wider society. The independent equality bodies which must be set up under the Racial Equality Directive could play an important role here in monitoring implementation of anti-discrimination rules, carrying out research and in providing support to victims. Secondly, systematic efforts to ensure that equal opportunities for the Roma are promoted across a broad range of policy domains, particularly employment, housing, education and health and social services needs to be intensified. For instance much more extensive and systematic actions will be necessary to ensure the mainstreaming of Roma children in the education system, especially in Slovakia, or to replace impoverished settlements with inclusion into mainline housing programmes while guaranteeing cultural autonomy. Thirdly, encouraging capacity building programmes and supporting greater coordination amongst the Roma will be important to increase their effective representation in the policy making processes. Fourthly, it will be important to recognise the heterogeneity of the Roma and thus the diversity of situations so as to better tailor policy responses.

6.2. Persons with disabilities

Many countries emphasise the need to ensure the rights of people with disabilities (Cyprus, Estonia, Hungary, and Malta) and steady progress is being made in introducing legislation to underpin rights. Most countries are developing extensive policies and programmes that will facilitate their inclusion and participation in society and many now have national plans or programmes in relation to disability (Czech

Rep., Estonia, Hungary, Latvia, Lithuania and Slovakia). However, much still needs to be done in terms of implementation. Many countries are starting from a low base in terms of the services and supports necessary to enable people to access their rights. Several policy approaches are particularly evident at the present time:

- facilitating access to employment by means such as incentives for employers (Cyprus, Malta) ensuring no discrimination by employers (Hungary), increasing accessibility of workplace (Poland), improved and more individualised vocational and skills training (Cyprus, Malta and Poland) and enhanced awareness by public employment services (Cyprus and Poland);
- moving away from special units and schools to emphasising the integration of children with special needs into the mainline education system (Cyprus, Estonia, Lithuania);
- increasing access to transport (the Czech Rep., Hungary and Poland);
- improving social and care services and personal assistance (Hungary, Estonia, Slovakia);
- improving support for families with new born babies and children with disabilities (Malta); and
- improving income support for the disabled, especially those severely disabled (Hungary, Slovakia).

Involving people with disabilities in the development, implementation and monitoring of policies is an increasing feature in many countries as is the development of coordinating mechanisms, for example the Government Committee for People with Disabilities in the Czech Republic. However, the extent of involvement in the JIM process was generally low and will need to be increased in the future development of the NAPs/inclusion.

Looking to the future there is a need to deepen efforts to mainstream a disability perspective, to continue to remove barriers to accessibility and to intensify efforts to raise awareness and overcome negative public attitudes, particularly in relation to people with intellectual disabilities. Continued efforts to increase access to employment, to enhance social and care services, to increase access to lifelong learning opportunities and to adapt housing will be important.

6.3. Children at Risk

Increasing support for children and risk of poverty and social exclusion across mainline areas such as employment, social protection, health and education is a policy priority in many new Member States (see sections 4.1-4.6). In addition there is a particular concern to develop supports for children who are especially at risk such those living in families in crisis, children at risk of abuse and violence, children in institutions, street children, young drug addicts, young people in trouble with the law.

Key priorities for policy development include:

- improving child protection and child care systems and services to counter violence and abuse (Estonia, Hungary, Latvia, Lithuania, Malta, Slovenia);
- expanding support to NGOs providing supports and services to children and families (Latvia, Lithuania);
- improving standards of care in institutions and increasing services and supports for children leaving institutions as well as reducing the number of children in institutions by expanding family supports and by increasing foster care (the Czech Rep., Estonia, Latvia, Hungary, Poland);
- developing rehabilitation services for adolescents leaving prison or special schools, street children, young drug addicts (Estonia);
- increasing pre-school and child care provision for young children from disadvantaged backgrounds (Estonia, Lithuania);
- increasing awareness of and promoting the monitoring of children’s rights (Latvia); and
- strategies for crime prevention and socially pathological behaviour among children and young people (the Czech Rep.).

Looking to the future a greater focus on enforcing the UN Convention on the Rights of the Child can provide an important framework for developing comprehensive and integrated responses to child poverty.

6.4. Disadvantaged areas

Local communities experiencing high levels of multiple deprivation are less prevalent than in many old Member States and thus there is less policy attention given to this phenomenon. More focus is given to regional development and revitalisation programmes to address serious regional inequalities arising particularly from industrial restructuring and changes in farming (the Czech Rep., Hungary and Poland). However, these are expected to benefit particularly disadvantaged local communities. Some also have special local development programmes (Hungary and Malta) and there are a number of interesting examples of local development partnerships in disadvantaged rural areas (Estonia, Latvia and Lithuania) and local activation programmes (Poland).

6.5. Other categories

Immigrants

Much lower levels of immigration than in most EU15 Member States mean that in most countries there is much less policy attention given to the links between immigration and poverty and social exclusion. However, in some cases there is a growing concern about increasing immigration and this is leading to an increased recognition of the need to develop support, integration and information services

(Cyprus, Lithuania, Malta). Others recognise that this may become a bigger inclusion issue after they join the Union and, thus, proactive development of policies will become increasingly important to ensure the inclusion of those immigrants facing particular difficulties. This will require giving attention to the development of lifelong learning services in mainstream education and training institutions from early childhood education and care to learning opportunities for senior immigrants.

Alcohol and Drug Abusers

The link between poverty and social exclusion and alcohol abuse and drug addiction is recognised in several countries and is generally seen as a growing problem. Several more develop a comprehensive response by developing national strategies and action programmes (Cyprus, Estonia, Hungary, and Poland). In general there is a need to significantly expand and build the capacity of support and rehabilitation services for addicts.

Victims of Trafficking

The need to develop and implement mechanisms and to increase interinstitutional co-operation so as to support victims of trafficking in human beings, especially women and children, is highlighted by a number of countries (Estonia, Latvia, and Lithuania). Developing preventive measures through raising awareness of the risks and providing more information will also be important and co-operation with NGOs is highlighted.

Prisoners and ex-prisoners

Several countries (Estonia, Latvia, Lithuania, and Slovakia) highlight the importance of steps to integrate ex-prisoners including the developing role of the probation services and the development of a social integration system. However, policies in this respect are generally underdeveloped and there is a need to expand reintegration and support services across a range of policy domains and to improve co-ordination. In the future, the right to learn has to be extended to all young persons and adults in prison to improve their knowledge, skills and competences for their re-integration. Several educational programmes in SOCRATES and LEONARDO and JOINT ACTIONs in co-operation with the European Prison Education Association have collected and experimented successfully with examples of good practice in the new Member States.

Homeless

Developing policy responses to address growing levels of homelessness is an increasing concern in several countries. Poland has a programme for delivering from homelessness and Hungary has a ministerial commissioner coordinating those who provide services and in 2003 Parliament passed a resolution on the prevention of homelessness. Slovenia is expanding the network of reception centres and shelters in different towns and is developing temporary accommodation to prevent homelessness. Many countries have greatly increased their provision of emergency shelters often with the help of NGO and church based organisations (Estonia, Hungary, and Poland). However, in general it is recognised that there is a need to develop much more co-ordinated and integrated services for homeless including a significant increase in rehabilitation services and more recognition of the particular needs of different groups of homeless such as women and young people. Much more attention also needs to be

given to developing a better understanding of homelessness, including the collection of better data, in order also to develop policies to prevent homelessness arising.

7. OBJECTIVE 4 - MOBILISING ALL RELEVANT BODIES

The process of preparing the JIM helped new Member States to make significant steps forward in strengthening institutional arrangements to promote social inclusion and to put poverty and social exclusion more at the heart of national policy making. However, the JIMs have also served to highlight a number of areas where significant progress is still needed.

7.1. Arrangements for mobilising all actors

Promoting the participation of people suffering exclusion

There is a general recognition in the JIM of the importance of involving those experiencing poverty and social exclusion in the social inclusion process both at national and local levels. However, examples of this happening are few. Where it does it is normally indirectly such as through the involvement of NGOs or taking account of their views through a survey (e.g. interviewing the homeless as part of Estonian study on housing undertaken for the JIM). This is an area for further development in the future and encouragingly this is acknowledged in several JIM including in Latvia which stresses the role of state institutions and the importance of providing people with information about their rights and obligations. In this regard, the role of information centres for the local (rural) population is mentioned.

Social partners and social dialogue

The involvement of social partners in the JIM process was quite limited, though in several such as Hungary they were actively involved in the committee co-ordinating the work. Several countries point to developing structures for social dialogue but directly addressing issues of poverty and social inclusion through such arrangements would appear to be infrequent. However, Slovenia points to a Social Agreement with trade unions and employers in 2003. Poland highlights the role and potential of the Tripartite Commission for Social and Economic Affairs at national level and the voivodship social dialogue committees at regional level. However, fully mobilising the social partners in support of the social inclusion process remains a major challenge and promoting corporate social responsibility is currently underdeveloped. Their increased involvement in the development of the 2004 NAPs/inclusion will be important.

NGOs and civil society

Most countries recognise the important contribution that is made by NGOs in tackling poverty and social exclusion. In a few such as Malta, Poland and Slovenia there is already a strong tradition of cooperation and partnership between the State and NGOs including church organisations. For instance in Poland there is a relatively developed and growing third sector. While there are no umbrella organisations the KLON/JAWOR organisation collects information on the whole non government sector and constitutes a forum for exchange of views etc. A new act on activities of public utility and on voluntary service forms a framework for activities of the third

sector in Poland. Slovenia has, since 2001, already supported the establishment of a Centre for NGOs to increase co-ordination. Malta is finalising legislation promoting and regulating voluntary activity. However, many countries also acknowledge that the relationship between NGOs and national authorities is still rather underdeveloped and piecemeal and there are important issues in relation to funding and legal status that need to be addressed. Nevertheless a number of countries have been taking initiatives to increase both the effectiveness of NGOs and cooperation between NGOs and the authorities. For instance in Hungary the government has developed an NGO strategy to reinforce the sector and to promote an improvement in quality. In Lithuania the Ministry of Social Security and Labour and the NGO Information and Support Centre together with UNDP have established a project Strengthening Capacities of NGOs in Poverty Reduction and there are plans to create a structural network of NGOs fighting poverty. In order to achieve a structurally effective dialogue between the Ministry and NGOs a secretariat of the NGOs against poverty network has been established and advisory councils are planned in all regions. The Slovak Republic is establishing a database of NGOs active in the struggle against poverty and social exclusion. Several countries have developed structures for developing NGOs in very particular sectors, notably in relation to disability, the elderly. For example there is the Pancyprian Council for People with Disabilities or the Lithuanian Council for Disabled Peoples Affairs.

While some NGOs were involved in the preparation of the JIM and while this helped to raise awareness amongst NGOs of the Union's social inclusion process overall NGO participation in the preparation of most JIM tended to be quite limited and haphazard. A key reason for this is that the sector tends to be still quite fragmented and there is a lack of effective umbrella or network structures through which the sector can be represented in such processes. Further support and resourcing for the development of NGO networks representing the interests of people experiencing poverty, exclusion and inequalities and linking into existing structures at EU level, will be essential if they are to play a full role in the development of the social inclusion process in each country. It will also be important to facilitate and resource capacity building of NGOs to pursue their own activities at the same time as setting up such networks so as to allow them to develop the skills needed to participate in policy developments related to the Union's social inclusion objectives. A further step forward can be made by involving NGOs as much as possible in the development, implementation, monitoring and evaluation of the first NAPs/inclusion in 2004.

7.2. Mainstreaming and Co-ordinating the fight against exclusion

In most countries the preparation of the JIM encouraged the greater coordination of efforts to tackle poverty and social exclusion. While the process was normally led by one Ministry (usually Employment and Social Affairs) most countries established a co-ordinating or working group or task force as a means of involving different ministries and agencies (e.g. national statistic offices) and, in some cases, local authorities and municipalities, social partners, NGOs and academics in the process. In several cases this had led to the establishment of more permanent arrangements to coordinate and oversee the implementation of policies on social inclusion including the preparation of the first NAPs/inclusion. For instance the Czech Republic has established a Committee on Social Inclusion. Latvia has envisaged a standing interinstitutional working group. Slovenia already had a National Committee to

Combat Poverty and Social Exclusion. Poland is completing the work on the long-term National Inclusion Strategy, which is prepared by a Task Force, comprising of representatives of social partners, local governments, NGOs and central administration. In other countries, while formal co-ordinating arrangements have not yet been envisaged, it is intended to continue and build on the working groups already established when it comes to the preparation of a first National Action Plan on poverty and social exclusion by end July 2004.

Looking to the future it will be important to ensure that arrangements are in place that will not only develop NAPs/inclusion but continue for their implementation and monitoring. It will be vital to ensure that all relevant ministries and agencies are involved. In particular the involvement of Ministries of Finance will be important to ensure a link with national budgetary processes and to reinforce the links between economic, employment and social policy. It will also be necessary to mainstream social inclusion in LLL policies by including the Ministries of Education in the revitalisation and further development of the knowledge economy and society.

7.3. Linking Levels of Governance and Promoting Partnership

A key issue that is highlighted across most JIM is the need to ensure links and synergy between different levels of governance in the struggle against poverty and social exclusion. In several countries local authorities were involved in working groups developing the JIM. Recently many countries have been decentralising administration and responsibilities but acknowledge that there are considerable challenges, especially as regards building the capacity of local authorities and municipalities to support social inclusion efforts at local level. The importance of defining more clearly the roles and responsibilities, including funding, of the national and local authorities in relation to implementing NAP inclusion at local level is highlighted in Estonia. Hungary also stresses the need to clarify links between the different levels of administration. Slovenia stresses the need to further strengthen the important role of municipalities in promoting social inclusion.

The potential of local partnership arrangements bringing together different actors such as local authorities, NGOs and social partners to work together in the struggle against poverty and social exclusion is highlighted in several countries. Estonia, Latvia and Lithuania all highlight the recent success of Rural Community Partnership Projects that were developed with support from the UK. This is a model that could be extended at both local and national levels and be supported through the Structural Funds in the future. The Czech Republic has established regional working groups and committees involving relevant social partners and NGOs in the context of devolution. In Hungary the establishment of the Social Policy Councils at regional level is currently in process.

8. GENDER MAINSTREAMING

Gender mainstreaming concerns (re)organisation, improvement, development and evaluation of policy processes in a way that a gender equality perspective is incorporated in all policies, at all stages by the actors normally involved in policy making. Therefore, it is a challenging task for which several new Member States are demonstrating more awareness. Only a few have incorporated a gender mainstreaming strategy into their respective development plans or strategies (Cyprus, Estonia and

Latvia) to be used as the tool for the integration of women's issues into all government policies. Others have integrated the gender dimension in a number of employment and social programs and are planning to oblige all central administration bodies to implement gender mainstreaming principles in all sector policies in their respective future NAPs (Lithuania and the Czech Rep.). Finally, in other new Member States the elaboration of the JIMs increased awareness on this issue and gave further political impulse to the existing policies on women's access to the labour market and, in general, on equal opportunities for women and men (Hungary, Malta, Poland, Slovak Rep., and Slovenia).

In general, the elaboration of the JIMs has helped new Member States to highlight the need to pay more attention to the gender dimension of poverty and social exclusion. All new Member States have implemented gender mainstreaming when elaborating the JIMs and the corresponding administrative units in charge of equal opportunities have been heavily involved in the drafting of the gender equality section of the JIM.

For mainstreaming gender into the future NAPs, new Member States will need: (i) to create a context combining legal provisions, political will and the formulation of clear goals; (ii) to build a capacity including training and expertise all along the process; and (iii) to establish adequate institutional mechanisms, keeping in mind that the ultimate institutional mechanisms are new ways of working, planning and implementing policies.

Concerning the context, legal provisions on equal opportunities are in place in most new Member States. All of them except Estonia have improved their legislative framework on equality through the legislative transposition of the *acquis communautaire*. If effectively implemented, this will lead to improvements in the equal treatment of women and men in employment, vocational training and equal pay and the reconciliation of work and family life. In Estonia, the Gender Equality Act should be adopted by the Estonian Parliament in the course of April 2004. For all new Member States, advances in equal treatment are perceived as an opportunity to further strengthen gender mainstreaming. There are already some plans for developing an effective gender mainstreaming strategy which take into account, among others, the need to train those officials concerned. However, only very few new Member States (e.g., the Slovak Rep.) acknowledge that gender equality is also an objective to be pursued in its own right when combating poverty and social exclusion.

Concerning building a capacity, there are some promising examples such as the following: (i) training of civil servants, social partners and women's organisations, analysing legislation and data from surveys and launching projects to address gender imbalances (Estonia); (ii) special training provided by the Office for Equal Opportunities for the "coordinators" on gender equality of each ministry and involvement of local communities in this sector of activities (Slovenia); and (iii) provision of gender expertise through training programs for national and municipal experts (Latvia).

Concerning the institutional mechanisms, the only examples available are those of the Czech Rep. which has created gender focal points in all ministries with a view to promote gender mainstreaming and equality of women and men and had a unit on Gender Equality in the Ministry of Labour and Social affairs; also that of Slovenia where each ministry has designated a "coordinator" who will ensure that regulations

and other measures taking account of gender equality aspects are taken on board. And finally, Lithuania and Slovenia have established the Office of the Equal Opportunities Ombudsman, whereas Hungary has appointed a minister without portfolio for equal opportunities to coordinate governmental initiatives concerning equal opportunities, including gender equality, and Poland has created the position of the Government Plenipotentiary for Equal Status of Women and Men. Finally, Latvia has established a Gender Equality Council with co-ordination and advisory competences.

9. STRENGTHENING STATISTICAL SYSTEMS AND INDICATORS

Although there are still substantial differences in approach and criteria (consumption vs. income), the methodology employed to calculate the indicators for new Member States is, as far as possible, the same as the one used for old Member States. In particular, every effort has been made to ensure that the definition of income used is as comparable as possible to the European Community Household Panel (ECHP) definition, which is the database used for old Member States. In spite of these harmonisation efforts, the indicators for new Member States cannot be considered to be fully comparable with those for EU countries, or even across the participant new Member States, due to the differences of underlying data sources. In particular, surveys can have different income reference periods (monthly, yearly, current or previous), which may have an impact on the value of the indicators. Furthermore, within a country, the income variable may not be fully comparable between sub-samples if the survey is conducted at different periods of the year (i.e. in continuous surveys for which the income reference period is the current one). In this case, the income distribution (and the results in terms of poverty risk) can be biased by the variability of seasonal income components (such as income from agriculture). Another factor that can affect the comparability of the results is the fact that, although 1999 is the reference year for most of the countries, there are some exceptions (i.e., Cyprus (1997), the Czech Republic (2000), Estonia (2000), and Malta (2000)). In spite of all the above methodological difficulties, the indicators presented provide valuable (and previously unpublished) comparative information on poverty and in the new Member States and the EU.

All new Member States except the Slovak Rep. have applied the methodology and definitions of Eurostat for the calculation of the Laeken indicators, including the income definition used by Eurostat. The second round of data collection was undertaken late in 2003 and the Laeken indicators on poverty and social exclusion were validated by Eurostat for all of them except for the Slovak Rep. Only Slovenia uses the two definitions of income: the first refers to income "in cash" according to the definition of the ECHP and the second refers to "in cash and in kind".

The focus is on the "relative" rather than "absolute" risk of poverty, and, therefore, this risk is defined in relation to the general level of prosperity in each country and is expressed with reference to a central value of the income distribution. The main advantage of the relative poverty line is that it is based on the living standard of each country and does not require a universal definition of the minimum living standards below which one individual should be considered at risk of poverty. However, this method does not appear fully adapted for a comparative analysis of poverty and social exclusion in the context of the enlarged Union. The level of the at-risk-of-poverty threshold in the new Member States is very low compared to the EU average, whereas

their distribution of income is relatively narrow. This can almost certainly be explained by historical circumstances (income distribution policies in socialist economies and the different evolutions following liberalisation), by difficulties in capturing information about income from the hidden economy; and to the fact that extreme incomes (very poor or very rich people) are often misrepresented in the surveys.

Indeed, one major limitation of the Laeken indicators in relation with the new Member States is the absence of an indicator of the very poor, something which would help illustrate about the degree of deprivation in these countries. Furthermore, no new Member State has been able to compile the indicator on the "persistence of poverty" because the household panel survey needed for the compilation of this particular indicator has not been conducted yet in new Member States. This is certainly an argument for complementing the relative poverty indicator with additional measures (absolute or non-monetary) in the future.

EU-SILC and ESSPROS data

Concerning the forthcoming EU-SILC survey (Statistics on Income and Living Conditions), all new Member States have announced its participation. Pilot projects of this panel survey have been carried out in 2003 (e.g., Hungary and Slovenia) or are planned to be carried out in 2004 (e.g., Poland, Latvia and Slovenia) and 2005; while the main survey is expected to be implemented in 2005 (e.g., Latvia, Poland and Slovenia) or in 2006 (e.g., Lithuania and Slovak Rep.).

While some countries such as the Czech Rep. have compiled data on social protection through the ESSPROS system on the basis of the methods developed by Eurostat, others like Cyprus have only started by the end of 2003. In some countries, such as Cyprus and Malta it has not been possible to produce information on the trends of certain poverty indicators because the data had been compiled in the past on a different basis than that of ESSPROS.

Shortcomings

The preparation of the JIM has made clearer the need to update and strengthen the data on poverty and social exclusion. In Cyprus, for instance, the most recent figures for the Laeken indicators are those of year 1997, while in other countries (e.g., Estonia) the JIM highlighted the need for more and better data in areas such as school drop-outs, access to health care services, violence against children, gender-specific risks of poverty and social exclusion, etc. In some others countries, such as the Czech Rep. and Hungary the JIM acknowledges the legal restrictions concerning the collection of statistics on members of national minorities and the lack of statistical information on persons with disabilities (the Czech Rep.).

The JIM has also underlined the need for further improvement of the data concerning poverty and social exclusion of vulnerable and target groups in countries like Malta and the Slovak Rep., among others. In Hungary, for instance, the JIM helped to identify the absence of certain basic statistics as a key challenge for a better understanding and monitoring of poverty and social exclusion. Finally, Latvia has stressed the need for more information on regional or local variations in the risk of poverty and social exclusion.

10. SUPPORT FROM THE STRUCTURAL FUNDS

It is clear from the JIM that in all the new Member States the EU Structural Funds will have a key role to play in preventing and overcoming poverty and social exclusion. They will do this by supporting general economic, employment and social progress that will promote social inclusion, but also in a very direct manner, by prioritising measures to tackle and prevent poverty and social exclusion. (see the analysis of allocations in the Statistical Annex, Table 3). Indeed, the link between the social inclusion priorities set in the JIM and many of the priorities and measures that will be supported by the Structural Funds in the programming period 2004-2006 is always very strong. The coincidence of timing of the preparation of the JIM and negotiations over the Single Programming Documents/Community Support Framework helped to ensure that this was the case. Certainly there appears to be a greater consistency and integration between social inclusion priorities and priorities for Structural Funds expenditure in the case of the JIMs than has been the case with the NAPs/inclusion in old Member States up to now.

The main way in which the Structural Funds will contribute to promoting social inclusion is through making use of the European Social Fund (ESF) and EQUAL to promote human resource development, especially insofar as the employability of high-risk groups and the long-term unemployed is concerned. All countries have priorities in relation to active labour market measures and education and lifelong learning with an emphasis on groups at particular risk of long-term unemployment such as the young jobless, older workers and on increasing the participation of women in the labour market. They also include specific social inclusion measures within their Single Programming Documents or Operational Programmes, or priority axis, on Human Resource Development targeting particularly vulnerable groups such as the Roma and other ethnic minorities, people with a disability, ex-prisoners, disadvantaged young people, alcohol and drug addicts, etc. (the Czech, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, Slovenia). However, regional funds are also important particularly in terms of tackling the problems of local enclaves and settlements experiencing high concentrations of multiple disadvantages.

In emphasising the development of active labour market policies most countries highlight the need to develop the effectiveness and accessibility of public employment services. Particular stress is put on improving the skills of staff in relation to vulnerable groups and thus the quality and flexibility of the services provided. The need to develop education and training as well as adult education and lifelong learning opportunities focuses both on improving the labour market relevance of the education and basic skills of young entrants, including overcoming educational disadvantage and increasing literacy, and on increasing the adaptability of older workers to changes in the labour market through increasing access to and the quality of education, vocational training and guidance. Considerable emphasis is also given to increasing people's capacity to utilise new information and communication technologies. Support for families with children at risk of social exclusion is envisaged by measures aimed at better reconciliation between work and family life such as day care centres for children and other dependents, as well as training opportunities for women wishing to return to work.

In focussing on those who are most vulnerable there is an emphasis on developing tailored support and training measures. Many of the relevant Operational Programmes have a specific focus on the Roma minority and also a number of very specific measures are planned such as the development of flexible forms of work and sheltered or subsidised workplaces for people with disabilities or for the less qualified (Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovenia). Besides the promotion of a wider participation in the labour market, several countries also emphasise the role that can be played by the Structural Funds in improving the quality of and access to social, education and healthcare services (Cyprus, the Czech Rep., Hungary, Latvia, Lithuania, Poland) both by investing in the training of staff (ESF) and through improvements to the infrastructure (ERDF). A number of other initiatives which are also highlighted address aspects of the regional and local dimensions of poverty and social exclusion. These include socio-economic measures to contribute to the renovation of disadvantaged towns, villages and settlements, local development initiatives and encouraging area based partnership approaches to promoting social inclusion and employment. The potential for increasing the employment of people in disadvantaged positions through the development of the social economy and social enterprises is included. Another important and often mentioned area is the improvement of regional transport to enhance the mobility of those seeking employment.

It is clear that in order to maximise the contribution that the Structural Funds can make to the achievement of the social inclusion goals of the JIM three things will be especially important. First, it will be essential that a close monitoring be established of the actual implementation of these measures so as to ensure that they are actually reaching those who are most vulnerable and at risk. Secondly, it will be important to ensure that the Structural Fund measures and other national policies and programmes are coherent and mutually reinforcing. Thirdly, the innovation and learning that will emerge from EQUAL funded projects in areas such as gender equality, improving employability, tackling discrimination and inequality in the labour market, supporting immigrants and ethnic minorities and developing partnerships should be quickly disseminated and deployed also to the benefit of the "mainstream" policies. The contributions of the Structural Funds should then also be appropriately highlighted in the coming NAPs in order to ensure that all available resources in the fight against social exclusion are mobilised.

11. CONCLUSIONS AND KEY CHALLENGES

In the context of continued economic restructuring, achieving sustainable economic and employment growth is a key requirement for increasing social inclusion across the new Member States. However, this is not sufficient to guarantee greater social inclusion for all if appropriate policies are not put in place and may put especially vulnerable groups at greater risk of exclusion.. Thus, a vital overarching policy challenge facing the new Member States is to ensure a balanced approach in which economic, budgetary, employment and social policies are set up in a way that they are mutually reinforcing. Due weight should be given to advancing social cohesion as well as promoting economic and employment growth and sound public finances. More specifically the key challenges to promote social inclusion reflect the complex and multi-dimensional nature of poverty and social exclusion requiring action across a broad range of policy domains. They also require an emphasis on actions which will

prevent people becoming poor and excluded while at the same time assisting those already experiencing poverty and social exclusion.

Increasing labour market participation: This is a key challenge for most new Member States. However, it is particularly acute in those countries with the highest levels of unemployment such as Poland, Slovakia, Lithuania and Latvia. Most recognise the need to create more jobs, especially in the context of continued industrial restructuring, but also to create incentives for businesses to fill jobs with those who are difficult to place (the Czech Rep. and Poland). The importance of improving the overall employment rate is highlighted by several countries (Cyprus, Hungary, Lithuania, Malta, Slovenia and Slovakia). In this regard the challenge of increasing female employment rates through greater flexibility of working conditions and measures to assist with the reconciliation of work and family life especially in relation to families with children or elderly dependents and lone parent families is often highlighted. It is also essential that new jobs are of a sufficient quality to actually lift people out of poverty. However, in the context of the JIM the main emphasis is on increasing access to work of those who are long term unemployed. This can include both older workers whose skills are no longer relevant, young people finding difficulties to get attached to the labour markets after leaving school as well as particular groups with especial difficulties. In this regard a key challenge is the reduction of long-term welfare dependency through developing more extensive and better tailored active labour market measures (Cyprus, Czech, Lithuania, Poland, Slovenia and Slovakia) and making work pay (Estonia, the Czech Rep. and Hungary), though without the availability of good quality jobs such measures can only make a limited impact. In some countries addressing the particular difficulties faced by specific groups such as the Roma (the Czech Rep., Slovakia, and Hungary) and other ethnic minorities (Latvia and Estonia), people with disabilities (Cyprus, Hungary, Lithuania, and Poland) and other vulnerable groups such as ex-prisoners, people with addiction problems etc is highlighted. The issue of high concentrations of unemployment in particular regions or in rural areas is also highlighted, notably in Lithuania and Poland.

Improving education and lifelong learning: This is closely related to the challenge of increasing labour market participation. A frequent concern is to make education more relevant to a modern labour market and to address a skills mismatch (Cyprus, Latvia, Lithuania, Estonia, Hungary, Poland, Slovakia and Slovenia). This results in a twofold challenge. First, to manage changes in the existing education systems. Secondly, to expand lifelong learning opportunities and make them more accessible to those who are most vulnerable including increasing skills in relation to new information and communication technologies and their use in different social contexts, as well as new approaches to education and training. However, it will be important that the challenge of extending lifelong learning opportunities is concerned not only with increasing access to the labour market but will also emphasise increasing the capacity of those outside the labour market such as the sick or elderly or those with care responsibilities to participate fully in society. Human and civil rights, rights in the family, in the work place, including health protection, in housing or as consumers, rights as patients and in homes have been revised during the last 15 years and are not well known. They should become an integral part of regular vocational and other lifelong learning opportunities, also organised by NGOs and social movements in these fields. Preventing educational disadvantage and tackling

early school leaving are important concerns. Specific challenges here include: developing preschool and early education (Estonia, Lithuania, Malta); ensuring that children with special needs or from different ethnic or linguistic backgrounds are integrated as much as possible into mainline schools (Cyprus, the Czech Rep., Lithuania, Slovakia); developing integrated responses to early school leaving (Estonia, Slovakia, Slovenia). Some also highlight the particularly problems faced by those with literacy problems (Malta).

Reforming social protection systems: Guaranteeing an adequate income while ensuring that benefit systems encompass appropriate eligibility rules and work incentives and also linking them to reinforced active labour market policies is a major challenge for several countries (Estonia, Latvia, Lithuania, Poland, and Slovakia). However, the challenge varies significantly. For some with more developed and generous systems the challenge is primarily about reducing levels of long-term dependency while maintaining the adequacy and coverage of their systems. For others with less developed systems there is a need to improve systems so as to extend coverage and guarantee adequate minimum levels of income. Linking income supports not only to activation measures but also to other social services is also seen as important. At the same time, adapting systems to respond to the challenge of an ageing population is an increasingly important challenge for all new Member States. Most will have to introduce appropriate incentives to prolong working lives with the aim of contributing to the adequacy and sustainability of pensions so as to avoid poverty in old age. Ensuring that families with children are adequately supported by social protection systems is a particular concern for a number of countries (Estonia, Lithuania, and Slovakia).

Access to health and social services: Improving access to and high standards of public services, especially health and social services for the most vulnerable groups and in isolated rural areas is a major challenge for several countries (Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, and Slovenia). A key element is to ensure a better integration of services so that they are mutually reinforcing. An important concern is to adapt services to take account of an ageing population and changes in family size and structures, patterns of care etc. (Cyprus and Malta). Improving **access to transport** both for people with disabilities and to assist excluded groups to access jobs is another service area mentioned by some (Poland and Slovakia).

Decent housing: An emerging challenge for most new Member States is to ensure decent and affordable housing for all. Within this there is a particular challenge in many countries to develop further the social housing sector for particular at risk groups (the Czech Rep., Estonia, Hungary, Latvia, Lithuania, Malta, Poland, and Slovenia). Other challenges include: improving the quality of existing housing stock; adapting housing for people with disabilities; helping those on low incomes meet the cost of housing and public utilities and increasing the stock of affordable apartments for rent; developing temporary accommodation to assist those facing short-term difficulties (e.g. victims of violence, ex-prisoners etc.). There is also an increasing awareness of the need to develop comprehensive and integrated responses to the challenge of homelessness (Estonia, Slovakia, and Slovenia).

Concentrations of disadvantage: Concentrations of multiple disadvantages in particular communities are not generally very widespread. However, in regions with concentrations of declining industries and/or post-State-owner-farm areas (Poland, Lithuania, Slovakia) or isolated Roma settlements (Slovakia) or deprived areas with substandard and dilapidated housing (Malta) there is the challenge of developing comprehensive and integrated responses. In other countries an important policy challenge is to ensure that housing and economic policies are developed in ways which will hinder the development of such social segregation.

Roma and Ethnic minorities: Promoting the inclusion of ethnic minorities is a major challenge that cuts across a range of policy domains but is also part of the wider challenge of ensuring that European Community legislation prohibiting discrimination is fully transposed and effectively implemented. In particular ensuring the social, economic and cultural inclusion of the Roma is a major and urgent challenge in several countries with large Roma populations, particularly Hungary and Slovakia but also the Czech Republic. While the numbers are much lower the inclusion of the Roma is also a challenge for other new Member States. The challenge of overcoming higher levels of exclusion of linguistic minorities, especially in relation to employment, is an important issue for Latvia and Estonia.

Supporting families and protecting the rights of children through increasing the effectiveness of family and child welfare policies is seen as particularly urgent. The need to adapt and change policies to better take into account changes in family structures, increased family breakdown and greater individualism is recognised by some countries (the Czech Rep., Hungary, Latvia, Malta, Poland) and most recognise the need to address the high risk of poverty faced by families with children. It is clear that the strength of immediate social, community and family networks in the new Member States plays a very important role in helping people to cope with life on a low income and to avoid social exclusion²⁴. Thus a key challenge is to ensure that policies sustain such structures and maintain this high level of social support which is so important for ensuring social inclusion. In this regard a key challenge is to support the development of effective networks of non governmental and community development organisations at local level.

Mobilising all actors: Nearly all countries recognise the challenge of strengthening the institutional infrastructure for combating poverty and social exclusion. There are a number of specific challenges that recur regularly in this regard. These include: strengthening the arrangements for coordinating and mainstreaming policies across all relevant policy domains; improving links between national, regional and local levels of governance; increasing the capacity of different actors; increasing the involvement of and partnership with NGOs and social partners; building the capacity of staff in both local authorities and NGOs; improving the statistical data base.

24 See J. Alber and T. Fahey, *Perceptions of living conditions in an enlarged Europe*, European Foundation for the Improvement of Living and Working Conditions, Dublin, 2004.

PART II – THE NEW MEMBER STATES

CYPRUS

Situation and Key Trends: Recent macroeconomic performance in Cyprus has been characterised by a moderate rate of economic growth (2% in 2002 and 2003).. The unemployment rate remained low in 2002 (4.4%). The poverty rate in Cyprus is lower than the EU average, but considered high in relative terms, in view of the high employment rates and the very low unemployment rate enjoyed by the Cypriot economy. Living in a one-person household (including persons in retirement) is the highest risk of poverty in Cyprus (64%), and even higher if the person concerned is aged 65 and above (83%).

Key Challenges: Challenges in the area of social inclusion are generally problems resulting from dynamic social and economic developments related to groups of people such as older people, retired persons (living in one-person households) and single parents. Consequently, ensuring appropriate financial support to older and retired persons by modernising social protection policies, addressing emerging skills mismatches and introducing schemes to strengthen employment incentives for persons with disabilities, as well as ensuring access to good accommodation and health for all, and especially the most vulnerable groups are some of the challenges identified.

Policy Measures: The JIM outlines a number of policy measures: (i) Facilitating participation in employment (ii) Promoting access to resources, rights, goods and services through social protection schemes (iii) Preventing exclusion by developing social support and new forms of care for dependent family members (iv) Helping the most vulnerable through providing education, improving public employment services and enhancement of structures for social integration; (v) Mobilising all relevant bodies at all levels.

Mobilising All Actors: Cyprus has a long history of tripartite cooperation with social partners and NGO's in the development and delivery of social inclusion policies and programmes. Through the establishment of a variety of advisory councils, by legislation or by decisions of the Council of Ministers, the Government consults with the social partners and NGOs in an increasing number of policy areas. The extent to which local authorities are involved in the planning and delivering of social services varies considerably. In general, they play a minor role in direct service provision.

Priorities Ahead: Given the challenges faced in the field of social inclusion a number of policy priorities lie ahead: **(i)** modernise social protection policies focusing on older persons and continue to improve the quality, access to and delivery of services, including healthcare policy. **(ii)** implement measures for promoting employability and higher participation rates of women and vulnerable groups **(iii)** combat educational disadvantage **(iv)** reinforce the statistical capacity of Cyprus **(v)** ensure good accommodation for all, by evaluating the current housing policy

For the period 2004-2006, Cyprus will receive Structural Funds support, which will have an important part in preventing and overcoming poverty and social exclusion. A strong link exists between the priorities of the JIM and the measures envisaged within the 'Human Resources' programme of Cyprus to be financed by the ESF. Structural Fund's contribution to Cyprus will also play an important role in improving the

quality and access to social, educational and healthcare services, which would directly support the JIM priorities.

CZECH REPUBLIC

Situation and Key Trends: In recent years, the Czech economy has seen a revival and the inflation rate is lower than in many EU countries. The average employment rate is satisfactory (65.4% in 2002), but low for female older workers (25.9%). Employment growth over the last years has also been very weak. The unemployment rate increased to 8% in 2003; there is high youth and long-term unemployment among the low skilled. Compared with other new Member States, and also with the EU average, the Czech Republic has a low at risk of poverty rate (8%). Nevertheless, although the old systems of social protection, education, health care and services work well, they need to be adapted to changes such as population ageing, family composition, ongoing structural changes and the emergence of the knowledge-based society. The unemployed (31%) and single parents (27%) show the highest risk of poverty. In addition the specific needs of disadvantaged groups, such as people with disabilities and the Roma, need to be given particular attention.. Gender differences in the risk of poverty are substantial for the 65+ category.

Key Challenges: (i) to respond to ongoing structural changes by promoting the creation of jobs; (ii) to support and encourage the long-term unemployed back into employment and reduce dependence on social protection; (iii) to eliminate the conditions leading to disadvantage in education of groups at risk of social exclusion including people with disabilities and the Roma, to define the system of life-long learning by law, and to create conditions ensuring links between the educational system and labour market needs; (iv) to adapt social protection and health-care systems to respond better to social changes, in particular to an ageing population; (v) to increase access to affordable and quality housing.

Policy Measures : It is necessary to create a new system for providing financial assistance with a view to eliminating long-term dependence on social allowances and linking the receipt of benefits more closely to activation measures to assist people to obtain employment. Unfortunately, expenditure on active employment policy is still rather limited and there is a need to increase the numbers and capacity of staff in the Public Employment Services if policy instruments in this area are to be fully utilised. The new draft School Act presents a step to modernise education with respect to the needs of the labour market and to put in place a system of lifelong learning. In many municipalities health and social care are integrated by the means of community planning. These plans should complete and introduce standards which will ensure guaranteed minimum care from a qualitative and quantitative point of view. More substantial support from the state would be welcome.

Mobilising All Actors: The Czech Government created a coordination body to cope with social inclusion - the Social Inclusion Committee. This Committee is a key factor in the development of the social inclusion strategy and a NAP/inclusion. It must now strengthen its co-operation with the regions and municipalities, NGOs and the private sector. The current involvement of international experts can also make a positive contribution. Many NGOs, active in this field, call for the change in financing the social services. The transformation of social services and the preparation of a Social Services Act is aimed at resolving the funding situation of NGOs. Further, stronger involvement of the Social Partners is welcomed.

Priorities Ahead: Key priorities ahead will include reducing long-term dependency on social protection and preventing long-term unemployment. Thus attention will need to be given to expanding preventive and support measures so as to enhance employability and to enlarge social and training programmes for those from disadvantaged social and cultural environments. Other priorities include modernising the contents of education and putting in place a comprehensive system of lifelong learning. In implementing these and other social

inclusion measures, it will be important to take into account regional differences in the levels of poverty and social exclusion and to give particular attention to the situation of the Roma and other groups at high risk of poverty and social exclusion. The structural funds should be one of the tools to implement these measures.

ESTONIA

Situation and key trends. The employment rate rose from 61% in 2001 to 62% in 2002 remaining below the EU average. The unemployment rate strongly decreased from 11.8% in 2001 to 10.1% in 2002 but there is still high youth unemployment and long-term unemployment rate of almost 5%. Estonia has a particularly high at risk of poverty rate (18%). The analysis undertaken in the preparation of the JIM draws particular attention to the link between poverty and unemployment, especially long-term unemployment, and the high risk of poverty faced by large families and single-parent families. Other important issues are the increased number of young people dropping out of school and the regional variations in poverty and social exclusion.

Key challenges. The most urgent challenge in relation to tackling poverty and social exclusion is to increase labour market participation, particularly for the risk groups. At the same time adequate income should be ensured for families with children and people who are not able to support themselves. It is important to tackle problems of educational disadvantage so as to increase the ability of all citizens to participate in civil society and/or the labour market. To provide more individualised and integrated support to those in need, there should be better integration of education, employment, social protection, health care, housing and other policies at all levels. Improving access to health care for disadvantaged groups and improving housing conditions and preventing homelessness are also important challenges for Estonia.

Policy measures. One of the most important policy measures for Estonia is to expand and resource active labour market measures so as to support the reintegration of the unemployed, especially the long-term unemployed, ethnic minorities and other vulnerable groups, into the labour market. It is also important to improve family benefit systems as well as social services and to raise the level of old-age pensions. Social assistance benefits should be at a level that satisfies the basic needs to live in human dignity, and be more closely integrated with rehabilitation, employment, etc. Educational disadvantages should be reduced by ensuring every child a "sure start" at school. School drop out needs to be prevented and the education system made responsive to labour market needs. The possibility to increase the supply of affordable housing through public and private partnership needs to be further investigated.

Mobilising all actors. In meeting the range of challenges outlined, and implementing the policy priorities, it will be important to ensure enhanced coordination and integration of policy areas across all relevant policy domains, and to deepen the involvement of the different actors in the social inclusion process.

Priorities Ahead. A clear link between unemployment, especially long-term, and high risk of poverty is identified in the JIM. Therefore the most important priority is to further develop active labour market measures and support integration of different risk groups into the labour market. Adequate income should also be ensured for families with children and people who are not able to support themselves. In the context of developing lifelong learning a "sure start" should be provided to every

child and special measures should be developed to prevent school drop out. These and many other important issues identified emphasise the need for a long-term approach and for using all available resources, including the Structural Funds.

HUNGARY

Situation and key trends: The key policy issues in Hungary relate a low overall employment rate (56.6% - EU-15: 64.3%). Though unemployment remains low, employment rates for women (50.0% - EU-15: 55.6%) and men (63.5% - EU-15: 72.8%) are below the EU average as well as the Lisbon targets set for 2005 and 2010. Inactivity and unemployment have a strong ethnic and regional dimension, in particular as they relate to the Roma population and the disadvantaged regions of Northern Hungary and Northern Great Plain. Moreover, the lack of an efficient and functioning housing market represents a real impediment to promoting greater labour market mobility. While the incidence of poverty is highest among the Roma, other disadvantaged groups also face enhanced poverty risks.

Key challenges: Key challenges facing Hungary include the need to: **(i)** address high inactivity and low employment rates for both men and women; **(ii)** strengthen the competitiveness of the labour force; **(iii)** ensure a more inclusive approach in access to education, training and the labour market; **(iv)** tackle the demographic deficit presented by an ageing and decreasing population as well as addressing the poor health condition of the workforce; **(v)** ensure equal access to healthcare and social services for the most disadvantaged groups and **(vi)** strengthen the role of civil society in the fight against poverty and social exclusion; **(vii)** improve the statistical data base especially as regards the Roma community.

Policy measures: The JIM highlights the need to: **(i)** put appropriate incentives in place to 'make work pay' and substantially improve ALMPs so as to reintegrate the most vulnerable groups into the labour market; **(ii)** make education and training systems more responsive to labour market demands, including the promotion of the concept of lifelong learning; **(iii)** improve the functioning of the social protection and health care systems to provide 'better access' for those groups most threatened by poverty and social exclusion. In this context, welfare policies have to be further adjusted in order to better address the demographic challenge and **(iv)** strengthen the role of civil society.

Mobilising all actors: Closer cooperation between central and local government bodies, social partners and NGOs will be necessary in order to better address the policy and operational challenges associated with tackling poverty and social exclusion.

Priorities ahead: In policy terms, priority should be attached to addressing the high levels of inactivity as well as the low levels of employment and existing poverty traps. In addition, it will be necessary to increase the competitiveness of the workforce by strengthening the capacity of the education and training systems to better respond to labour market demands and by widely implementing the concept of life-long learning. As part of this concept, there is also a need to foster a more inclusive approach to promoting equality of access to education, training and the labour market for the most disadvantaged groups. At the same time, promoting gender equality across all actions taken in combating poverty and social exclusion should be further strengthened. Equality of access to social and health care services for the most vulnerable groups, as well as continuing the reform of the welfare system to address the challenge of an ageing population, must also be a priority. Particular attention should be given to the situation of the Roma especially as regards access to housing and health. Greater efforts will also be needed to incorporate Roma children into mainstream education and to increase access to employment. In the context of addressing persistent structural weaknesses in its labour market, Hungary also needs to develop policies to improve the functioning of its housing market as well as mobilising all relevant actors in the fight against poverty and social

exclusion. For the period 2004-06, Hungary will receive Structural Funds support (in particular ESF) under the Human Resources and the Regional Development OPs in the fight against social exclusion.

LATVIA

Situation and Key Trends: Latvia has a strong economic growth (6.1% in 2002). A strong growth in the employment rate was registered during the last two years reaching 60.4% in 2002 (men 64.3%, women 56.8%). However, the main problems remain high unemployment at 10.5% in 2002, long term unemployment at 5.8%, youth unemployment at 24.6% and a mismatch of skills and labour market demands. Latvia has relatively high numbers at risk of poverty (16%) and a relatively high level of income inequalities. Regional and urban/rural divide is increasing. Lone parent families and families with three and above have a very high risk. Particularly vulnerable groups include people with disabilities, ex-prisoners, homeless people and vagrant children. Non-Latvians have a higher unemployment rate than Latvians, though poverty rates are similar. Social transfers play a significant role in poverty reduction. Health conditions as measured by life expectancy and mortality rates are unsatisfactory.

Key Challenges: (i) quality and accessibility of education, including adult education and lifelong learning, with emphasis on adapting education and training to the modern labour market and tackling the problem of young people dropping out of school; (ii) to reduce the high levels of unemployment, especially for the young, low skilled, and those with different ethnic backgrounds and lack of Latvian language skills; (iii) to expand measures for promoting employment, particularly in rural areas and for groups at risk of poverty; (iv) to ensure an adequate income for inhabitants at the same time strengthening links between wages, tax policy and social protection system.

Policy Measures: The ongoing social benefit reform has introduced a Guaranteed Minimum Income system designed to give means-tested support to all persons in need. Lack of financing, weak co-operation between relevant bodies and lack of professional social workers are the main issues for efficient implementation. Moreover, social benefits still remain low by any standards. The minimum wage has been increased. The pension reform aims to prevent more people moving into poverty. Active labour market measures have been targeted to unemployed youngsters, the long-term unemployed, older workers, the disabled, ex-prisoners and persons after maternity leave; however lack of adequate resources remains a problem.

Mobilising All Actors: The JIM outlines the lack of a clearly defined policy framework and a mechanism to promote cooperation between relevant bodies. The JIM drafting group (State and municipality institutions, NGO's and social partners) will provide the basis for a working group to draft Latvia's first NAP inclusion.

Priorities Ahead: Latvia's major priorities remain: (i) to ensure a more inclusive labour market for groups at risk of poverty and better access to active labour market measures particularly for the disabled, low skilled, ethnic minorities and other socially vulnerable groups; (ii) to continue the reform of the education and training system, including vocational education, and promote adult education and lifelong learning; (iii) to improve support for the most vulnerable groups by mobilising all relevant institutions; (iv) to continue the health care system reform, including improvement of access to services for socially excluded groups. It is important to define and implement a strategy for social housing. The development of integrated and coordinated intersectorial cooperation and partnership targeted at social inclusion is needed. In Latvia's Single Programming

Document 2004-2006 support will be given for the Development of Human Resources, particularly promoting employment, development of education and continuing training, and combating social exclusion as well as support for education, health care and social infrastructures.

LITHUANIA

Situation and Key Trends: Restructuring of the economy in Lithuania has had positive effects on its growth rates, but a large share of the working population was forced to change jobs or qualifications and those failing to adapt faced unemployment. High levels of unemployment (12.7% in 2003), especially long-term and youth, mainly associated with low levels of education and lack of skills and qualifications, are key factors in levels of poverty and social exclusion in Lithuania. The at-risk-of-poverty rate is high (17% in 2001). Poverty is most prevalent among the unemployed, persons subsisting on social assistance allowances, farmers' households, and self-employed, single person households, households with three and more children and single adults with children. More than half of the people living below the poverty line (about 53%) are rural dwellers.

Key Challenges: (i) to increase employment and reduce unemployment, especially long-term; (ii) to tackle rural poverty; (iii) to develop the social protection system so as to ensure adequate income to those who are unable to work while also ensuring a closer link between the payment of unemployment benefits and active labour market policies; (iv) to tackle educational disadvantage and to ensure that all citizens gain the skills necessary to participate in the new information society; (v) to improve access to health care; (vi) to ensure decent housing for all and (vii) to integrate minorities.

Policy Measures: The reformed social assistance system provides for the development of active labour market policy measures, but due to inadequate financing, their scope is limited. Moreover, although the existing system of social transfers helps to alleviate poverty (23.6% before social transfers and 17.2% after), inherent shortcomings highlight the need to further develop the social protection system. The vocational training, consultancy and life-long learning systems are not sufficient for those at risk of social exclusion, while a number of young job-seekers cannot participate in vocational training due to a lack of basic education. The state budget fails to provide adequately for teaching materials and school transport, which creates problems for socially supported families. Gaps remain with regard to accessibility and cost of health care services, while housing loans are not accessible to all low-income families and the demand for municipal housing exceeds the supply.

Mobilising All Actors: The drafting of the JIM has been a serious step towards ensuring an integrated approach to tackling poverty and social exclusion. The task force led by the Ministry of Social Security and Labour included representatives from several state institutions, NGOs, independent experts as well as social partners.

Priorities Ahead: Of major importance is to increase the level of employment, in both urban and rural areas. Access to labour market oriented vocational training and life-long learning, including IT, should be improved and educational disadvantage be prevented, with a special emphasis on school drop-outs. The financing of the social protection system should be progressively increased and better focused on the socially vulnerable. This will require significant resources and efforts from all actors. The

most efficient use of the Structural Funds should be ensured and inter-agency cooperation and mainstreaming of a concern with poverty and social exclusion across all policy domains should be continued. It will also be important to enhance the capacity of all actors at both central and local levels to tackle poverty and social exclusion.

MALTA

Situation and key trends: Even though GDP per capita in Malta is only 69.5% of the EU average, thanks to a wide-ranging system of social protection, poverty has not so far been a major issue. Unemployment is relatively low at 7.8% (in 2002), though it may increase due to the ongoing restructuring of the economy. The very low employment and activity rates represent significant labour market shortcomings, especially for women (their employment rate was in 2002 only 33.6%, compared with an EU-15 average of 55.6%). Malta shows relatively low levels of income inequality and compares favourably with most EU countries in terms of at-risk-of-poverty rates (15% in 2000). The groups most at risk of poverty include children, persons aged 65 years and over, single parents, persons in rented housing and, above all, the unemployed (men in particular). Concerns are also raised by the low levels of educational attainment in the workforce and by the very high rate of illiteracy.

Key challenges: (i) combating illiteracy and improving the educational attainment of both young students and older adults; (ii) increasing the overall employment rate (and above all the female rate) and developing policies to make work pay while promoting more and better jobs for those who are currently inactive or who are recipients of social benefits; (iii) strengthening the welfare system; and (iv) increasing social and affordable housing.

Policy measures: In response to the low female participation rate, and in addition to legislative measures, a Gender Action Plan for 2003-2004 has been launched, while the development of more (and affordable) childcare facilities is being promoted. The strengthening of the Malta College of Arts, Science and Technology is also ongoing, while Malta's PES already provides measures aimed at school-leavers and long-term and older unemployed, as well as persons with disabilities. An affordable housing programme is in place, even though it is not always able to meet all needs.

Mobilising all actors: The Malta Council for Economic and Social Development provides a forum for consultation and social dialogue between the social partners, while the Foundation for Social Welfare Services will be entrusted with overseeing that challenges and priorities identified in the JIM will be incorporated in Malta's National Action Plan on poverty and social exclusion to be presented in 2004.

Priorities ahead: Raising the provision of vocational education, training and lifelong learning (with the support of the ESF) appears necessary in order to help create more and better jobs and improve employability. Appropriate incentives to take up work should also be provided to target groups such as women, disabled persons and those engaged in the informal economy. Special programs, again with the assistance of the ESF, should be set up to support women re-entering the labour market and improve their career prospects. Housing supply and affordability should be increased for the neediest, while welfare dependence should be minimised in order to stimulate work culture and ensure the sustainability of the social protection system. Additional

programs are needed to address and prevent child poverty, further assist the disabled and provide more support for the unemployed, the elderly, and other groups at risk of poverty.

POLAND

Situation and Key Trends: In 2001, 15% of people (m:16%, f: 15%) lived below the poverty line. Although it is comparable to the EU average, the poverty threshold in Poland is lower than in any of EU countries.. Poverty is closely linked to unemployment. In 2002, the unemployment rate reached 19.2% (f: 20%, m: 18.6%). Young unemployed (41.7%), long term unemployed (10.9%), disadvantaged groups: all face great difficulty in adverse economic climate. Higher unemployment is registered among those with lower educational attainment levels.

The employment rate reached 51.5% in 2002 (m: 56.9%, f: 46.2%). It is particularly low in the case of older workers (26.1%). The high share of employment in agriculture confirms that major economic restructuring is required. Average educational attainment is still low. Urban – rural divide in education is especially problematic. The number of disabled persons is very high in Poland, and the disabled face a difficult situation on the labour market. Among ethnic and national minorities, the Roma are most affected by social problems. The poverty level increases with the size of families. Poverty is often associated with social exclusion and risky behaviour, such as alcoholism or family breakdown.

Key Challenges: (a) activation of those groups that have the lowest employment rates and persons who are long-term unemployed, (b) increasing investment in education, developing and extending life-long learning, (c) providing social protection, effective activation measures and alternative jobs for workers affected by downsizing of declining industries and State-owned-farms,(d) addressing inadequate housing problem; (e) ensuring an adequate access to quality services, especially in health care. Other challenges include: access to adequate and affordable transport and integration of policies at both the design and implementation stages.

Policy Measures: Special governmental programmes support first-time labour market entrants. In case of activating older workers the government only recently has drafted the "50+ programme". The draft of employment promotion law aims at improving the PES structure and modernising the labour market instruments, towards better activation of human resources and developing ALMPs. A new family benefit system has been worked out. The National Action Programme for Women for 2003-2005 aims at improving the situation of women on labour market.

Mobilising All Actors: A Task Force on Social Reintegration has been established at the Ministry of the Economy and Labour in order to draft a comprehensive strategy of combating poverty and social exclusion. Social dialogue has the strongest institutional setting, with the Tripartite Commission for Social and Economic Affairs at national level and voivodship social dialogue committees at regional level. The Public Benefit Activity Council is a Polish advisory institution composed of representatives of government administration, territorial self-governments and NGOs and church organizations. The NGOs and church-related organisations are effective providers of social services and intermediaries between the public administration and the various affected groups in society.

Priorities Ahead: It is of utmost importance to reduce the unemployment level and activate certain groups as youth, disabled, elderly and other social welfare beneficiaries. A business-friendly climate should be created by reducing the "tax wedge" and by further improvements in the labour market flexibility. On the other hand, educational and skills level should be increased, particularly in rural and other disadvantaged areas. Investing in education, training and retraining as well as reforming and increasing the consistency of the several and sometimes overlapping benefit schemes should become a high political challenge for poverty eradication. Policy focussing on laid-off workers should strengthen the role of activation and

return to work. The ESF support will foster an open labour market. The CI EQUAL constitutes important contribution to tackling challenges identified by the JIM. Both the SOP HRD and the IROP will address the issues of rural-urban divide in education, investments in education, developing life-long learning, and modernising ALMPs.

SLOVAK REPUBLIC

Situation and Key Trends: Poverty and social exclusion estimates for the Slovak Rep. cannot be made on the same basis as for other EU Member States and new Member States due to the absence of data validated by Eurostat. However, it is clear that the very high level of unemployment suggests a serious social inclusion challenge. One of the reasons for the high level of unemployment is that the economic recovery of the mid-1990s was not accompanied by employment growth. In spite of higher growth since 2000, the unemployment rate further increased to over 19% in 2001, but decreased to 17.1% in 2002. The unemployment rate of young people (37.3% in 2002) and long-term unemployment (12.1%) continue to be very high and need to be tackled. The unemployed (especially women), lone parent households, and for the 65+ age group have a particularly high risk of poverty. The Roma minority, which is estimated to be between 6.8% and 7.2% of the population, remains the most endangered group at risk of long-term social exclusion, facing obstacles to entering the labour market and segregation in education as well as very poor living conditions.

Key Challenges: (i) to build an inclusive labour market and promote employment as a right and opportunity for all, especially for the long-term unemployed; (ii) to guarantee an adequate income and resources for all; (iii) to tackle educational disadvantage (iv) to ensure adequate housing for all; (v) to guarantee equal access to social and health services and to improve their delivery and forms of provision; (vi) to combat discrimination and to ensure equal opportunities, especially for the Roma minority; (vii) to regenerate areas of multiple deprivation; (viii) to extend and update the statistical system and indicators on poverty and exclusion.

Policy Measures: It is necessary to intensify measures to promote the integration into the labour market of those most at risk of long-term unemployment, in particular by: building an integrated system of public employment services (PES) and social services, by extending flexible forms of PES and by increasing the responsiveness of ALMP measures to individual needs. The old education system does not provide an adequate qualification; it needs to be brought into line with labour market needs, preventing early drop-outs and ensuring access to education for all groups at risk of social exclusion by supporting life-long learning. In housing policy, the construction of social housing for low-income households should be encouraged, and access to housing for persons with severe disabilities should be facilitated. It is very important to create conditions for reducing the poverty and social exclusion of the Roma, to support programmes designed to solve their situation concerning housing and infrastructure, education, access to employment and to continue to fight against their discrimination.

Mobilising All Actors: By signing the JIM, the Slovak Government has officially launched a fight against poverty and social exclusion on the national level, with the wide involvement of different actors. The process has started by the preparation of the document by a working team consisting of representatives of the relevant ministries, autonomous regions, trade unions, research and non-governmental organisations. The further efforts to mainstream the combat against poverty and social inclusion will in future require an intensive co-operation at all levels.

Priorities Ahead: These included: to increase employment levels, to support and activate the unemployed, especially the long-term unemployed in looking for work, using the relevant ALMP tools adapted to the labour market needs and the needs of the relevant individuals; to ensure further development of public employment services and health care provision and to ensure equal access of all to these services; to improve education system and bring it into line with the labour market needs; to support access to life-long learning opportunities for all; to develop housing policy by encouraging the construction of social housing; to tackle the extreme poverty, exclusion and discrimination experienced by the Roma minority and to promote their full integration into society with particular attention given to areas such as access to employment, adequate income,

especially for families with children, decent housing and health services and integration of Roma children into mainline schools. Many of these priorities and the corresponding policy actions in the field of employment and education will benefit from the financial support provided by the EU structural funds and, in particular, from the European Social Fund (ESF).

SLOVENIA

Situation and Key Trends: While relatively lower than in the other new Member States, the main cause of poverty and social exclusion in Slovenia is unemployment (6.5% in 2003), especially youth (15.3% in 2003). Over half of the unemployed are long-term unemployed (3.3%). The unemployed have a 43% risk of poverty. This situation has its roots in low educational attainment, lack of skills and qualifications and consequently low employability. Other vulnerable groups include the disabled, the homeless, Roma, and people with low income such as unemployed, elderly without pensions and single parent families. The at-risk-of-poverty rate was at 11% (2000).

Key Challenges: (i) Developing an inclusive labour market and promoting employment as a right and opportunity for all; (ii) Tackling educational disadvantages; (iii) Ensuring good accommodation for all; (iv) Reducing regional disparities; (v) Improving delivery of services and; (vi) Guaranteeing decent income and resources.

Policy Measures: The short term priorities for combating poverty and social exclusion are: (i) Promoting active employment policies focusing on the long-term, unskilled, young (especially women), Roma and older unemployed; (ii) Implementing measures for reducing school drop-outs and enhancing lifelong learning, especially through e-inclusion; (iii) Mainstreaming the "make work pay", employment and social policy areas to avoid unemployment, inactivity and poverty traps; (iv) Increasing the provision of social and non-profit accommodation, implementing a new system of subsidising rents for low income tenants and providing adequate housing for the most vulnerable groups; (v) In the implementation of the above measures focusing on the most deprived areas and (vi) Implementing the health insurance reform and setting up additional programmes and social services for the most vulnerable groups.

Mobilising All Actors: In February 2000, Slovenia adopted the first Programme for the Fight Against Poverty and Social Exclusion involving several ministries. To prepare the JIM, the government set up a special working group made of representatives from the NGO centre, association of Slovene municipalities, employers and trade unions. The document was approved by the Economic and Social Council.

The government should continue encouraging social partners, especially employers, to take account of social inclusion. A more efficiently organised network of the NGOs is needed and their cooperation with the Government should be considerably improved. The local authorities should be more involved in the definition and implementation of the social inclusion policy measures.

Priorities Ahead: Policies should be directed towards activation and prevention of long-term unemployment and other sources of social exclusion. The existing programmes should be supported by local employment promotion, social economy development, training and education for unskilled people and people with disabilities. Additionally, special programmes, such as development of social workplaces for the most difficult to employ and an action employment programme for Roma, should be implemented. Lifelong learning should be further promoted. Finally, combating poverty and social exclusion should directly and indirectly benefit from the EU structural support, especially

from the European Social Fund. Especially important is the priority “Knowledge, Human Resource Development and Employment” of the Single Programming Document for the period 2004-2006. Within this priority, the measure "Facilitating social inclusion" directly contributes to the implementation of the social inclusion policy. Other measures will indirectly address the key challenges of the JIM. Slovenia will also benefit from the EQUAL Community Initiative, focusing on the groups particularly excluded from the labour market; Roma, people with disabilities, women, drug addicts, refugees and asylum seekers.

STATISTICAL ANNEX

Table 1a – Main features of country forecast – NEW MEMBER STATES

	bn Euro	2002		Annual percentage change						
		Curr. prices	% GDP	1995-99	2000	2001	2002	2003	2004	2005
GDP at constant prices		439,4	100,0	4,4	4,1	2,5	2,4	3,6	4,0	4,2
Private consumption		268,3	61,1	-	3,3	2,2	4,5	4,4	3,7	4,0
Public consumption		86,7	19,7	-	1,2	2,7	2,8	1,7	1,0	1,4
GFCF		95,6	21,8	-	3,5	-0,9	-0,6	1,9	5,7	7,3
of which: equipment		-	-	-	-	-	-	-	-	-
Change in stocks as % of GDP		3,6	0,8	1,6	2,0	1,0	0,8	1,2	1,3	1,2
Exports (goods and services)		208,0	47,3	-	18,5	7,1	4,4	9,6	8,9	8,5
Final demand		662,2	150,7	-	8,0	2,8	3,2	5,6	5,7	6,0
Imports (goods and services)		222,8	50,7	-	15,1	4,2	4,6	8,6	8,1	8,4
GNI at constant prices (GDP deflator)		430,7	98,0	4,2	4,2	2,4	1,7	3,5	4,0	4,2
Contribution to GDP growth :		Domestic demand		-	3,1	1,6	3,0	3,4	3,8	4,5
		Stockbuilding		-	0,4	-0,9	-0,2	0,1	0,1	0,0
		Foreign balance		-	0,8	1,1	-0,4	0,3	0,2	-0,2
Employment				-	-0,1	-0,1	-0,7	-0,4	0,3	0,8
Unemployment (a)				10,5	13,6	14,5	14,8	14,3	14,1	13,8
Compensation of employees/head				-	6,3	11,5	6,0	4,7	4,8	5,2
Unit labour costs				-	2,1	8,7	2,8	0,7	1,1	1,6
Real unit labour costs				-	-4,8	3,6	-0,1	-1,7	-2,1	-1,5
Savings rate of households (b)				-	-	-	-	-	-	-
GDP deflator				13,0	7,3	4,9	2,9	2,4	3,3	3,2
Private consumption deflator				-	7,9	5,9	2,1	1,9	3,5	3,2
Harmonised index of consumer prices				-	8,5	5,7	2,7	2,1	3,8	3,3
Trade balance (c)				-6,5	-7,8	-5,9	-5,1	-4,6	-4,6	-4,8
Balance on current transactions with ROW (c)				-	-	-	-	-3,7	-3,9	-4,1
Net lending(+) or borrowing(-) vis-à-vis ROW (c)				-	-	-	-	-3,7	-3,7	-3,8
General government balance (c)				-	-3,2	-4,1	-4,9	-5,7	-5,0	-4,2
General government gross debt (c)				-	36,4	38,5	39,4	42,2	44,4	45,2

(a) as % of total labour force. (b) gross saving divided by gross disposable income. (c) as a percentage of GDP.

Source: Commission Services, DG ECFIN, 2004 Spring Forecasts.

TABLE 1b : Net lending (+) or net borrowing (-), general government (as a percentage of GDP, 1970-2005) ¹

	long-term	5-year average						2003 estimate of		2004 forecast of		2005 forecast of			
	average	1991-95		1996-00		1999	2000	2001	2002	X-2003	III-2004	X-2003	III-2004	X-2003	III-2004
	1970-90	1991-95	1996-00	1999	2000	2001	2002	X-2003	III-2004	X-2003	III-2004	X-2003	III-2004	X-2003	III-2004
Belgium ²	-6,8	-5,9	-1,3	-0,4	0,2	0,5	0,1	0,2	0,2	-0,4	-0,5	-0,4	-0,7		
Germany	-1,9	-3,1	-1,7	-1,5	1,3	-2,8	-3,5	-4,2	-3,9	-3,9	-3,6	-3,4	-2,8		
Greece	-5,7	-11,5	-3,5	-1,8	-2,0	-1,4	-1,4	-1,7	-3,0	-2,4	-3,2	-2,3	-2,8		
Spain	-2,4	-5,6	-2,6	-1,2	-0,9	-0,4	0,0	0,0	0,3	0,1	0,4	0,2	0,6		
France	-1,2	-4,5	-2,6	-1,8	-1,4	-1,5	-3,2	-4,2	-4,1	-3,8	-3,7	-3,6	-3,6		
Ireland	-7,7	-2,1	2,0	2,4	4,4	1,1	-0,2	-0,9	0,2	-1,2	-0,8	-1,1	-1,0		
Italy	-9,1	-9,1	-3,1	-1,7	-0,6	-2,6	-2,3	-2,6	-2,4	-2,8	-3,2	-3,5	-4,0		
Luxembourg	:	1,7	3,7	3,7	6,3	6,3	2,7	-0,6	-0,1	-2,1	-2,0	-2,5	-2,3		
Netherlands	-3,2	-3,5	-0,2	0,7	2,2	0,0	-1,9	-2,6	-3,2	-2,7	-3,5	-2,4	-3,3		
Austria	-1,8	-3,8	-2,4	-2,3	-1,5	0,2	-0,2	-1,0	-1,1	-0,6	-1,1	-0,2	-1,9		
Portugal	-4,6	-5,2	-3,4	-2,8	-2,8	-4,4	-2,7	-2,9	-2,8	-3,3	-3,4	-3,9	-3,8		
Finland	3,9	-5,0	1,3	2,2	7,1	5,2	4,3	2,4	2,3	1,7	2,0	1,9	2,1		
Euro area	-3,3	-5,0	-2,1	-1,3	0,1	-1,6	-2,3	-2,8	-2,7	-2,7	-2,7	-2,7	-2,6		
Denmark ³	-0,5	-2,4	1,3	3,3	2,6	3,1	1,7	0,9	1,5	1,3	1,1	1,9	1,5		
Sweden	0,6	-7,3	1,1	2,5	5,1	2,8	0,0	0,2	0,7	0,5	0,2	1,0	0,7		
United Kingdom	-2,2	-5,7	-0,3	1,1	3,9	0,7	-1,6	-2,8	-3,2	-2,7	-2,8	-2,4	-2,6		
EU-15	-2,9	-5,1	-1,6	-0,7	1,0	-1,0	-2,0	-2,7	-2,6	-2,6	-2,6	-2,4	-2,4		
Cyprus	:	:	:	:	-2,4	-2,4	-4,6	-5,2	-6,3	-3,7	-4,6	-2,9	-4,1		
Czech Republic	:	:	-3,4	-3,7	-4,5	-6,4	-6,4	-8,0	-12,9	-6,3	-5,9	-5,2	-5,1		
Estonia	:	:	-1,0	-2,8	-0,3	0,3	1,8	0,0	2,6	-0,4	0,7	0,4	0,0		
Hungary	:	:	:	:	-3,0	-4,4	-9,3	-5,4	-5,9	-4,4	-4,9	-3,6	-4,3		
Latvia	:	0,9	-1,5	-5,3	-2,7	-1,6	-2,7	-2,7	-1,8	-2,7	-2,2	-2,0	-2,0		

	long-term	5-year average						2003 estimate of		2004 forecast of		2005 forecast of	
	average			1999	2000	2001	2002	X-2003	III-2004	X-2003	III-2004	X-2003	III-2004
	1970-90	1991-95	1996-00										
Lithuania	:	:	-3,2	-5,7	-2,6	-2,1	-1,4	-2,6	-1,7	-3,1	-2,8	-2,7	-2,6
Malta	:	:	:	:	-6,5	-6,4	-5,7	-7,6	-9,7	-5,8	-5,9	-4,1	-4,5
Poland	:	-3,3	-2,2	-1,9	-1,8	-3,5	-3,6	-4,3	-4,1	-5,9	-6,0	-4,9	-4,5
Slovakia	:	:	-7,4	-7,1	-12,3	-6,0	-5,7	-5,1	-3,6	-4,0	-4,1	-3,4	-3,9
Slovenia	:	:	:	:	-3,0	-2,7	-1,9	-2,2	-1,8	-1,8	-1,7	-1,7	-1,8
AC-10	:	:	:	:	-3,2	-4,1	-4,9	-5,0	-5,7	-5,0	-5,0	-4,1	-4,2
EU-25	:	:	:	:	0,9	-1,1	-2,1	-2,8	-2,7	-2,7	-2,7	-2,5	-2,5
USA	-3,4	-4,9	-0,4	0,4	1,3	-0,5	-3,7	-5,0	-4,8	-5,5	-4,5	-5,4	-4,2
Japan	-1,4	-0,9	-6,9	-7,2	-7,5	-6,1	-7,9	-7,3	-7,7	-7,2	-7,4	-7,1	-7,2

Source: Commission Services, DG ECFIN, Spring forecasts.

¹ ESA 79 up to 1994, ESA 95 from 1995 onwards. The net lending (borrowing) includes one-off proceeds relative to UMTS licences (see note 10 on concepts and sources).

² The figures include one-off measures at the amount of 1.2% of GDP in 2003, 0.5% in 2004 and -0.1% in 2005.

³ For 2001 the retroactive change to the "special pension contribution" is not included.

Note : the figures for Greece are based on a second EDP notification (30.3.2004) not yet validated by Eurostat; hence, they are to be considered subject to revision.

TABLE 1c : Gross domestic product, volume (percentage change on preceding year, 1961-2005) - 29.03.2004

	long-term average	5-year average		1999	2000	2001	2002	2003 estimate of		2004 forecast of		2005 forecast of	
	1961-90	1991-95	1996-00					X-2003	III-2004	X-2003	III-2004	X-2003	III-2004
Belgium	3,4	1,6	2,7	3,2	3,8	0,6	0,7	0,8	1,1	1,8	2,0	2,3	2,5
Germany	3,2	2,0	1,8	2,0	2,9	0,8	0,2	0,0	-0,1	1,6	1,5	1,8	1,8
Greece	4,5	1,2	3,4	3,4	4,4	4,0	3,9	4,1	4,2	4,2	4,0	3,4	3,3
Spain	4,6	1,5	3,8	4,2	4,2	2,8	2,0	2,3	2,4	2,9	2,8	3,3	3,3
France	3,8	1,1	2,7	3,2	3,8	2,1	1,2	0,1	0,2	1,7	1,7	2,3	2,4
Ireland	4,2	4,7	9,8	11,3	10,1	6,2	6,9	1,6	1,2	3,7	3,7	4,9	4,6
Italy	3,9	1,3	1,9	1,7	3,0	1,8	0,4	0,3	0,3	1,5	1,2	1,9	2,1
Luxembourg	3,7	4,0	7,1	7,8	9,1	1,2	1,3	1,2	1,8	1,9	2,4	2,8	3,1
Netherlands	3,4	2,1	3,7	4,0	3,5	1,2	0,2	-0,9	-0,8	0,6	1,0	2,0	1,6
Austria	3,6	2,0	2,7	2,7	3,4	0,8	1,4	0,9	0,7	1,9	1,8	2,5	2,5
Portugal	4,8	1,7	3,9	3,8	3,4	1,7	0,4	-0,8	-1,3	1,0	0,8	2,0	2,2
Finland	3,9	-0,9	4,7	3,4	5,1	1,1	2,3	1,5	1,9	2,5	2,6	2,7	2,7
Euro area	3,6	1,5	2,6	2,8	3,5	1,6	0,9	0,4	0,4	1,8	1,7	2,3	2,3
Denmark	2,7	2,0	2,7	2,6	2,8	1,6	1,0	0,8	0,0	2,0	2,1	2,3	2,2
Sweden	2,9	0,7	3,2	4,6	4,3	0,9	2,1	1,4	1,6	2,2	2,3	2,6	2,6
United Kingdom	2,5	1,7	3,1	2,8	3,8	2,1	1,6	2,0	2,2	2,8	3,0	2,9	2,8
EU-15	3,4	1,5	2,7	2,9	3,6	1,7	1,1	0,8	0,8	2,0	2,0	2,4	2,4
Cyprus	:	4,7	3,7	4,7	5,0	4,0	2,0	2,0	2,0	3,4	3,4	4,2	4,1
Czech Republic	:	-1,0	1,2	0,5	3,3	3,1	2,0	2,2	2,9	2,6	2,9	3,3	3,4
Estonia	:	:	4,9	-0,6	7,3	6,5	6,0	4,4	4,8	5,6	5,4	5,1	5,9

	long-term	5-year average		1999	2000	2001	2002	2003 estimate of		2004 forecast of		2005 forecast of	
	average	1991-95	1996-00					X-2003	III-2004	X-2003	III-2004	X-2003	III-2004
	1961-90												
Hungary	:	-2,2	4,0	4,2	5,2	3,8	3,5	2,9	2,9	3,2	3,2	3,4	3,4
Latvia	:	-13,2	5,3	2,8	6,8	7,9	6,1	6,0	7,5	5,2	6,2	5,7	6,2
Lithuania	:	-9,8	4,2	-1,8	4,0	6,5	6,8	6,6	8,9	5,7	6,9	6,0	6,6
Malta	:	:	4,5	4,1	6,4	-1,2	1,7	0,8	0,4	2,7	1,4	2,9	2,0
Poland	:	2,2	5,1	4,1	4,0	1,0	1,4	3,3	3,7	4,2	4,6	4,8	4,8
Slovakia	:	:	3,7	1,5	2,0	3,8	4,4	3,8	4,2	4,1	4,0	4,3	4,1
Slovenia	:	-0,6	4,4	5,9	4,1	2,9	2,9	2,1	2,3	3,1	3,2	3,7	3,6
AC-10	:	:	4,1	3,2	4,1	2,5	2,4	3,1	3,6	3,8	4,0	4,2	4,2
EU-25	:	:	2,7	2,9	3,6	1,7	1,1	0,9	0,9	2,1	2,1	2,5	2,5
USA	3,5	2,5	4,1	4,5	3,7	0,5	2,2	2,8	3,1	3,8	4,2	3,3	3,2
Japan	6,1	1,5	1,4	0,1	2,8	0,4	-0,4	2,6	2,7	1,7	3,4	1,5	2,3

Source: Commission Services, DG ECFIN, 2004 Spring forecasts.

Table 2: Key figures on per capita income, demography, education and labour market (2002)

		EU15	EU10	CZ	EE	CY	LV	LT	HU	MT	PL	SI	SK
1.	GDP per capita income in PPS ⁽¹⁾	100	:	60.6	38.6	78.4	33.4	37.2	51.5	69.5	41.9	67.9	44.7
2.	Total population at 1 January 2003 (1 000)	378 988 ^(e)	74 206 ^(e)	10 203	1 356	804	2 331	3 462 ^(p)	10 152 ^(p)	397	38 214 ^(p)	1 995	5 379
3.	Life expectancy at birth (years) – Males	75.5 ^{(e)(1)}	:	72.1	65.3	76.1 ⁽¹⁾	64.8	66.3	68.4	76.1	70.4	72.7	69.9
4.	Life expectancy at birth (years) – Females	81.6 ^{(e)(1)}	:	78.5	77.1	81.0 ⁽¹⁾	76.0	77.5	76.7	81.2	78.7	80.5	77.8
5.	Total education attainment level (age 25-64) ⁽²⁾	(35.4)	19.4	12.2	12.5	33.5	17.4	15.2	28.8	81.6	19.2	23.2	14.2
6.	Total employment rate	64.3	55.9	65.4	62.0	68.6	60.4	59.9	56.6	54.5	51.5	63.4	56.8
7.	Employment rate – Males	72.8	61.8	73.9	66.5	78.9	64.3	62.7	63.5	75.3	56.9	68.2	62.4
8.	Employment rate – Females	55.6	50.2	57.0	57.9	59.1	56.8	57.2	50.0	33.6	46.2	58.6	51.4
9.	Total employment rate of older workers ⁽³⁾	40.1	30.4	40.8	51.6	49.4	41.7	41.6	26.6	30.3	26.1	24.5	22.8
10.	Employment rate of older workers ⁽³⁾ – Males	50.1	41.2	57.2	58.4	67.3	50.5	51.5	36.7	50.4	34.5	35.4	39.1
11.	Employment rate of older workers ⁽³⁾ – Females	30.5	21.4	25.9	46.5	32.2	35.2	34.1	18.5	11.8	18.9	14.2	9.5
12.	Total unemployment rate ⁽⁴⁾	8.0	14.3	7.8	10.1	4.4	10.5	12.7	5.8	7.8	19.2	6.5	17.1
13.	Unemployment rate ⁽⁴⁾ – Males	7.2	13.6	6.1	10.2	4.0	10.3	12.1	6.0	6.5	18.6	6.1	16.8

		EU15	EU10	CZ	EE	CY	LV	LT	HU	MT	PL	SI	SK
14.	Unemployment rate ⁽⁴⁾ – Females	8.9	15.1	9.9	10.0	5.1	10.7	13.3	5.5	10.5	20.0	7.1	17.4
15.	Total youth unemployment ⁽⁵⁾	15.1	31.9	16.9	17.7	9.7	24.6	21.4	11.9	:	41.7	15.3	37.3
16.	Youth unemployment ⁽⁵⁾ – Males	14.8	31.4	16.6	14.2	9.3	22.1	20.5	12.6	:	40.9	13.9	38.3
17.	Youth unemployment ⁽⁵⁾ – Females	15.5	32.7	17.2	22.9	10.1	27.8	22.6	11.0	:	42.7	17.2	36.1
18.	Total long term unemployment rate ⁽⁶⁾	3.0	8.1	3.7	4.8	0.8	5.8	7.0	2.4	3.2	10.9	3.3	12.1
19.	Long term unemployment rate ⁽⁶⁾ – Males	2.6	7.4	2.9	5.7	0.5	6.5	7.2	2.7	3.4	9.7	3.3	11.7
20.	Long term unemployment rate ⁽⁶⁾ – Females	3.6	8.9	4.5	3.8	1.2	5.0	6.9	2.1	2.4	12.3	3.4	12.5

Source: Eurostat, LFS, Long-term Indicators and Structural Indicators. Figures are for 2002, unless otherwise specified.

Notes: (e) Estimated value; (p) Provisional value; (1) For year 2001; (2) Data in brackets lack precision due to small sample size or high non response rate; (3) Dividing the number of persons aged 55-64 in employment by the total population of the same age group; (4) For year 2003 and as a percentage of the labour force 15+; (5) As % of the labour force 15-24; and (6) 12 months and more, and as percentage of the total active population.

Table 3: Income based indicators of social cohesion, EU10 and EU15⁽¹⁾

			CZ 2001	EE 2002	CY 1997	LV 2002	LT 2001	HU 2001	MT 2000	PL 2001	SI 2000	SK	EU10 (2) 2001	EU15 2001		
1	S80/S20 quintile share ratio		3,4	6,1	4,4	5,5	4,9	3,4	4,5	4,5	3,2		4,2	4,4		
2	Gini coefficient		25	35	29	34	32	23	30	30	22		28	28		
3	Risk-of-poverty threshold (illustrative values)	1 person hh	NAT	64632	20768	3095	706	4025	421114	2036	6396	863611		:	:	
			EUR	1897	1327	5312	1215	1124	1641	5038	1742	4180		1818	8319	
			PPS	4045	2440	6658	2301	2346	3369	5510	2859	6295		3210	8253	
		2 adults 2 dep. Children	NAT	135727	43613	6500	1483	8453	884339	4276	13432	1813583		:	:	
			EUR	3984	2787	11155	2552	2360	3446	10581	3658	8778		3818	17469	
			PPS	8494	5124	13983	4833	4926	7075	11572	6004	13219		6741	17332	
4	Risk-of-poverty rate by age by gender	Total	Total	8	18	16	16	17	10	15	15	11		13	15	
			M	7	17	15	16	17	10	15	16	10		14	14	
			F	8	19	18	16	17	10	15	15	12		13	17	
		0-15	Total	12	18	12	19	20	14	21	21	21	9		18	19
			M	12	19	13	19	20	13	22	22	22	10		18	19
			F	11	17	12	18	19	15	19	21	21	9		18	19
		16-24	Total	10	21	9	18	21	12	10	19	19	11		16	19
			M	10	20	9	17	22	11	10	19	19	11		16	19
			F	10	22	8	18	20	13	10	19	19	10		16	20
		25-49	Total	7	17	9	16	17	9	14	16	16	9		14	12
			M	7	17	8	16	18	10	13	16	16	9		14	11
			F	8	18	11	16	17	9	14	15	15	9		13	14
		50-64	Total	4	19	15	17	15	7	12	10	10	11		9	12
			M	4	20	10	18	17	7	10	11	11	11		10	12
			F	5	18	20	17	14	7	14	9	9	10		9	13
		65+	Total	6	16	58	10	12	9	20	6	21			8	19
			M	3	7	56	6	4	6	19	3	14			5	16
			F	8	21	60	13	15	11	21	7	25			10	21

Table 3 (cont.): Income based indicators of social cohesion, EU10 and EU15 ⁽¹⁾

			CZ 2001	EE 2002	CY 1997	LV 2002	LT 2001	HU 2001	MT 2000	PL 2001	SI 2000	SK	EU10 (2) 2001	EU15 2001		
5	Risk-of-poverty rate by most frequent activity by gender	Employed	<i>Total</i>	3	9	5	9	9	5	6	7	4		6	6	
			<i>M</i>	3	8	7	8	10	6	8	9	4		7	6	
			<i>F</i>	3	10	4	9	9	5	2	6	4		6	5	
		Self-employed	<i>Total</i>	5	13	9	22	33	3	1	19	10			15	16
			<i>M</i>	6	14	10	21	33	3	1	19	10			15	16
			<i>F</i>	2	12	7	23	32	3	0	20	10			15	16
		Unemployed	<i>Total</i>	31	48	23	42	41	31	50	37	43			36	38
			<i>M</i>	30	50	18	44	42	36	57	39	42			38	44
			<i>F</i>	31	47	27	40	39	24	32	35	45			34	30
		Retired	<i>Total</i>	5	21	62	13	13	9	18	7	15			9	17
			<i>M</i>	3	15	60	9	7	9	18	6	12			7	16
			<i>F</i>	7	23	64	14	15	9	18	7	17			9	17
		Inactive/ other	<i>Total</i>	11	28	20	27	20	15	18	18	19			17	25
			<i>M</i>	11	30	13	30	20	13	10	18	19			17	23
			<i>F</i>	12	27	22	25	21	16	19	19	19			18	25
6	Risk-of-poverty rate by household type	Total		8	18	16	16	17	10	15	15	11		13	15	
		1 person hh	<i>Total</i>	14	35	64	21	24	15	25	10	35			14	25
			<i>M</i>	12	35	54	27	29	16	17	16	26			17	18
			<i>F</i>	15	35	67	19	22	14	28	7	39			13	28
		1 person hh <30yrs		14	39	25	16	14	10	34	5	26			9	32
		1 person hh 30-64		16	36	34	27	27	16	23	14	26			17	15
		1 person hh 65+		12	33	83	17	22	15	25	6	42			12	29
		2 adults no children	<i>(at least one 65+)</i>	3	15	58	7	8	5	25	8	18			8	16
		2 adults no children	<i>(both < 65)</i>	3	7	11	15	14	6	11	8	12			8	10
		Other hh no children		7	13	10	10	14	4	5	9	8			8	9
		Single parent	<i>(at least 1 child)</i>	27	35	41	35	23	18	55	19	20			21	35
		2 adults 1 dep. Child		6	13	6	14	14	8	13	9	12			9	10
		2 adults 2 dep. children		6	15	9	19	17	12	16	14	6			13	13
2 adults 3+ dep. children		18	21	16	22	27	22	29	32	12			27	27		
Other hh with dep. children		10	15	6	15	19	8	8	19	9			15	16		

Table 3 (final): Income based indicators of social cohesion, EU10 and EU15 ⁽¹⁾

			CZ 2001	EE 2002	CY 1997	LV 2002	LT 2001	HU 2001	MT 2000	PL 2001	SI 2000	SK	EU10 (2) 2001	EU15 2001	
7	Risk-of-poverty rate by tenure status	Total	8	18	16	16	17	10	15	15	11		13	15	
		Owner-occupier	7	17	16	14	17	9	11	15	11		13	12	
		Tenant	8	26	18	24	26	16	29	16	17		16	24	
		Other	:	:	:	:	:	:	:	:	:		:	:	
8	Dispersion around the risk-of-poverty threshold	40% of median	1	7	6	5	6	2	3	5	3		4	5	
		50% of median	4	11	10	9	10	5	8	9	6		8	9	
		60% of median	8	18	16	16	17	10	15	15	11		13	15	
		70% of median	16	26	23	26	25	18	23	23	18		21	23	
9	Risk-of-poverty rate	before all transfers	Total	36	42	24	43	41	44	30	48	37		44	39
			M	33	39	22	41	39	41	30	47	35		42	36
			F	39	43	26	45	43	47	30	49	39		46	42
		including pensions	Total	18	25	18	24	24	20	21	30	17		26	24
			M	18	25	17	24	24	20	21	31	17		26	22
			F	19	26	20	25	24	21	21	30	18		26	25
		including all transfers	Total	8	18	16	16	17	10	15	15	11		13	15
			M	7	17	15	16	17	10	15	16	10		14	14
			F	8	19	18	16	17	10	15	15	12		13	17
10	Persistent risk-of-poverty rate by gender	Total	:	:	:	:	:	:	:	:	:		:	9	
		M	:	:	:	:	:	:	:	:	:		:	9	
		F	:	:	:	:	:	:	:	:	:		:	10	
11	Risk of poverty rate anchored at a point in time	Total	:	:	:	:	:	:	:	:	:		:	12	
12	Relative risk-of-poverty gap by gender	Total	16	24	24	20	22	16	18	22	18		20	22	
		M	17	28	23	21	24	16	19	22	19		20	22	
		F	14	22	26	18	20	16	16	22	18		19	22	

Source: Eurostat Second Round Updated 2004 of Laeken indicators.

Notes: (1) The methodology of calculation of the Laeken indicators for the new Member States is the same as the one used for old Member States. Further, in line with the practice traditionally adopted for old EU Member States (e.g. published results from the European Community Household Panel survey) - and in the future for all Member States from the EU-SILC data collection tool - the survey year is stated, while the reference period is indicated in methodological notes. Every effort has been made to ensure that the definition of income used is as comparable as possible to the ECHP definition. Nevertheless, the indicators for the new Member States cannot be considered to be fully comparable with the EU ones, or between new Member States, due to the differences of underlying data sources. These figures cover all new Member States except Slovak Rep. For the Slovak Republic no data has been included because it has not yet been validated by Eurostat. Data are in cash and in kind; and (2) For EU10 (2001), the following years have been taken: year 1997 (CY), year 2000 (MT and SI), year 2001 (CZ, EE, LV, LT, HU, and PL), and the Slovak Rep. is not included.

Table 4: Structural fund allocations with a breakdown of ESF expenditure on social inclusion measures.

new Member State	Total SF allocations (M EUR)	Total "mainstream" ESF allocations (M EUR)	EQUAL (M EUR)	% of "mainstream" ESF + EQUAL in the total SF allocations	% of social inclusion measures in "mainstream" ESF" (approx)	% of social inclusion measures (in the "mainstream" ESF +EQUAL)
Cyprus	59.49	21.95	1.81	36.8 %	15%	18%
Czech Republic	1,685.13	424.89	32.10	27,1%	5%	6,9%
Estonia	386.03	76.12	4.07	20.8%	34.6%	38%
Hungary	2,094.69	439.12	30.29	22.40%	23.27%	28.22%
Lithuania	929.54	176.22	11.87	20%	9%	15%
Latvia	648.85	138.70	8.03	22.61%	18.18%	22.65%
Malta	66.80	9.25	1.24	16%	13.16%	37%
Poland	8,631.1	1,908.5	133.9	22%	11%	12%
Slovenia	267.59	75.63	6.44	30.6%	5.2%	17%
Slovak Republic	1,041.04	329.33	22.27	33.77%	4.16%	10.23%

Source: Commission Services.

Notes: (1) Total SF allocations = Ob 2 + Ob 3+ FIG + Interreg + EQUAL; (2) Total "mainstream" ESF allocations = the ESF allocations under Objective 3 (no ESF resources in other objectives); (3) % of "mainstream" ESF + EQUAL = the ESF allocations under Objective 3 + EQUAL as a % of the total SF allocations; (4) % of social inclusion measures = ESF measures earmarked for social inclusion + the whole of EQUAL (under the assumption that EQUAL always contributes to social inclusion) as a % of the total ESF (including EQUAL) allocations; (5) These figures reflect the position as currently known to the services of the Commission. However, care should be taken when considering the figures as overlapping between and merging of different policy fields can occur. One country may choose to regard some actions as more closely related to the policy field "social inclusion" while another country may instead prefer to classify the same action under a different policy field (e.g. employability). Thus caution should be used in making direct comparisons between the shares allocated for social inclusion by different countries. It should also be noted that significant contributions to social exclusion are not only made by ESF but also by other Structural Funds, which are not analysed here.